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## Preface

Welcome to *Organizational Behavior*, an OpenStax resource. This textbook was written to increase student access to high-quality learning materials, maintaining the highest standards of academic rigor at little to no cost.

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## **About *Organizational Behavior***

The field of management and organizational behavior exists today in a constant state of evolution and change. Casual readers of publications like the New York Times, The Economist and the Wall Street

Journal will learn about the dynamic nature of organizations in today's ever-changing business environment. *Organizational Behavior* is designed to meet the scope and sequence requirements of the introductory course on Organizational Behavior. This is a traditional approach to organizational behavior. The table of contents of this book was designed to address two main themes. What are the variables that affect how, when, where, and why managers perform their jobs? What theories and techniques are used by successful managers at a variety of organizational levels to achieve and exceed objectives effectively and efficiently throughout their careers? Management is a broad business discipline, and the Organizational Behavior course covers many areas such as individual and group behavior at work, as well as organizational processes such as communication in the workplace and managing conflict and negotiation. No one individual can be an expert in all areas of management, so an additional benefit of this text is that specialists in a variety of areas have authored individual chapters. Finally, we all made an effort to present a balanced approach to gender and diversity throughout the text in the examples used, the photographs selected, and the use of both male and female in alternating chapters when referring to generic managers or employees.

## **Pedagogical Foundation**

We have taken a structured approach in the writing of the chapters that reduces inconsistencies throughout and makes selecting topics to match the course syllabus easier for faculty.

**Exploring Managerial Careers.** Each chapter starts with a profile that describes a manager and illustrates how the content of the chapter is vital for a successful managerial career.

**Consistent, integrated learning.** Targeted learning outcomes are listed at the beginning of each chapter and then repeated throughout the chapter. The learning outcomes connect to the text and the additional resources that accompany *Organizational Behavior*. After reading each section, students can test their retention by answering the questions in the Concept Checks. Every learning goal is further reinforced by a summary at the end of the chapter.

**Hundreds of business examples to bring concepts to life.** This book is designed to speak to the typical student. We have done a lot of research about student needs, abilities, experiences, and interests, and then we have shaped the text around them. We have used experiences both inside and outside the classroom to create a book that is both readable and enjoyable. We believe that the real applications found throughout every chapter set the standard for readability and understanding of key concepts.

**Learning business terminology, made easy.** As students begin to study management, they will explore new words and concepts. To help them learn this language, we define each new term in the chapter, display the terms in bold, and offer a complete glossary at the end of the book.

## **Applied Features**

Rather than provide a dry recitation of facts, we illustrate concepts with contemporary examples. In addition to the in-text examples, we have several boxed features that provide more extensive examples in areas of importance in today's business environment. Each of the boxed features described below includes a series of critical thinking questions to prompt the student to consider the implications of each business strategy.

***Ethics in Practice.*** Ethics in Practice features demonstrate how businesses are responsible not only to the bottom line, but to providing goods and services in a responsible manner.

***Managing Change.*** The turbulent business climate requires companies to adapt their business strategies in response to a variety of economic, social, competitive, and technological forces. The Managing Change feature highlights how businesses have altered their business strategies in response to these forces.

***Catching the Entrepreneurial Spirit.*** This feature highlights the challenges and opportunities available in small businesses and other entrepreneurial ventures.

***Managerial Leadership.*** It is generally agreed that in a turbulent business climate leadership is an important function of management that helps to maximize efficiency and to achieve organizational goals. Leaders initiate action, motivate organizations, provide guidance, build morale, and create a sense of confidence within the organization and to outside stakeholders.

***Sustainability and Responsible Management.*** This feature highlights the knowledge, skills, tools, and self-awareness that are needed to become responsible managers. While the area of corporate social responsibility and sustainability has gained wide general support and commentary, these featured boxed items should provide the reader with insights of how managers can embed responsible practices in their careers.

## **Activities and Cases That Put Knowledge to Work**

*Organizational Behavior* helps students develop a solid grounding in the skills that they can apply throughout their managerial careers. These skill-building activities and resources help build and

polish competencies that future employers will value.

**Chapter Review Questions.** These questions provide a broad set of challenging questions that students can use to assure themselves that they have mastered the chapter concepts.

**Management Skills Application Exercises.** These activities at the end of each chapter present real-world challenges and provide assignment material for students to hone their business skills.

**Managerial Decision Exercises.** These activities provide assignment material that challenge students' decision-making processes. There are a variety of exercises for individual or team assignments.

**Critical Thinking Case.** The Critical Thinking case in each chapter invites students to explore business strategies of various companies, analyze business decisions, and prepare comments.

## **Additional Resources**

### **Student and Instructor Resources**

We've compiled additional resources for both students and instructors, including Getting Started

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Instructor and student resources are typically available within a few months after the book's initial publication. Take advantage of these resources to supplement your OpenStax book.

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## Introduction

class = "introduction"

Construction workers

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## Learning Outcomes

After reading this chapter, you should be able to answer these questions:

1. What is the meaning of work in a societal context?
2. How do recognize and meet the challenges facing managers in the new millennium?
3. What is expected of a manager?
4. What is the role of the behavioral sciences in management and organizations?

The Management Challenge at Apple and Google  
When Apple was developing iOS 10, a group of 600

engineers was able to debug, develop, and deploy the new programming within two years. Contrarily, Microsoft engineers were able to develop and execute the programming on Vista, but it took considerably longer and was a bigger undertaking, with almost 6,000 engineers at hand. What was the difference?

According to the study conducted by leadership consulting firm Bain & Company, companies like Apple, Google, and Netflix are 40 percent more productive than the average company. Some may think that this is a product of the hiring pool; big companies generally attract a more talented group of recruits. With unique benefits and prowess in the industry, this must be the case. Wrong. Google and Apple have found a way to answer the most fundamental question in management: How do you balance productivity while maintaining employee satisfaction and commitment?

Companies such as Google have approximately the same percentage of “star players” as other companies, but instead of spreading out the talent, they group them dynamically to achieve more throughout the day. This grouping focuses on grouping key players in the most business-critical roles, and is the key to success for the overall company. You’ve heard the saying “You’re only as strong as your weakest link,” and in the case of Apple, there were no weak links, making their productivity extremely high overall. To make matters more complicated, the fast-paced

workplace and technology changes, including the diversity of employees and the global marketplace, takes a considerable toll on employee expectations, as do the overall stresses of the business performance. Apple is just one example of a company that figured out one of the pieces to this puzzle, but it is illustrative of what is happening in the workplace all around the globe.

Contemporary managers are witnessing changes in technologies, markets, competition, workforce demographics, employee expectations, and ethical standards. At the heart of these changes is the issue of how to manage people effectively. To attain corporate objectives, each manager must discover how to develop and maintain a workforce that can meet today's needs while getting ready for tomorrow's challenges. As a result, managers are asking questions such as:

How can we meet the international competition?

How can we make this organization more effective?

How can we better utilize our human resources?

How can we create a more satisfying and rewarding work environment for all employees?

How can we improve the quality of our products?

How can we improve communication and

decision-making processes at work?

How should we evaluate and reward performance?

How can we develop the company leaders of tomorrow?

Questions such as these point to the issue of effective management. That is, what can managers do to improve both organizational and employee performance? Effective management requires an in-depth knowledge of financial management, marketing research and consumer behavior, accounting and control practices, manufacturing and production techniques, and quantitative methods. In addition, however, effective management requires “people skills.” That is, a good manager must be able to motivate his employees, to lead skillfully, to make appropriate and timely decisions, to communicate effectively, to organize work, to deal with organizational politics, and to work to develop both employees and the organization as a whole. These issues constitute the subject of this course. We shall examine principles of the behavioral sciences that can help managers improve both their own skills and abilities and those of their subordinates in order to enhance organizational performance and effectiveness.

As a prelude to this analysis, we begin with a brief look at the natures of work and of management. Contemporary challenges are discussed. Next, we

consider a model of organizational behavior that will serve as a guide throughout the study of management and organizational behavior. We begin with an examination of work.



## The Nature of Work

1. What is the meaning of work in a societal context?

## The Meaning of Work

What is work, and how do people feel about the work they do? These questions may be answered from several perspectives. Perhaps one of the best ways to understand how people feel about their jobs is simply to ask them. A number of years ago Chicago writer Studs Terkel did exactly that. How did the people he interviewed feel about their jobs? Here are some excerpts from his book *Working*.  
[S. Terkel, \*Working\* \(New York: Pantheon, 1974\).](#)

I'm a dying breed. . . . A laborer. Strictly muscle work . . . pick it up, put it down, pick it up, put it down . . . you can't take pride any more. You remember when a guy could point to a house he built, how many logs he stacked. He built it and he was proud of it.

—Steelworker [p. 1]

I changed my opinion of receptionists because now I'm one. It wasn't the dumb broad at the front desk who took telephone messages. She had to be something else because I thought I was something else. I was fine until there was a press party. We were having a fairly intelligent conversation. Then they asked me what I did. When I told them, they turned around to find other people with name tags. I wasn't worth bothering with. I wasn't being rejected because of what I said or the way I talked, but simply because of my function.

—Receptionist [p. 57]

People ask me what I do, I say, "I drive a garbage truck for the city." . . . I have nothing to be ashamed of. I put in my eight hours. We make a pretty good salary. I feel I earn my money. . . . My wife's happy; this is the big thing. She doesn't look down at me. I think that's more important than the white-collar guy looking down at me.

**—Sanitation Truck Driver [p. 149]**

I'm human. I make mistakes like everybody else. If you want a robot, build machines. If you want human beings, that's what I am.

**—Policeman [p. 186]**

I usually say I'm an accountant. Most people think it's somebody who sits there with a green eyeshade and his sleeves rolled up with a garter, poring over books, adding things—with glasses. I suppose a certified public accountant has status. It doesn't mean much to me. Do I like the job or don't I? That's important.

**—Accountant [p. 351]**

The boss . . . lost his secretary. She got promoted. So they told this old

timekeeper she's to be his secretary-assistant. Oh, she's in her glory. No more money or anything and she's doing two jobs all day long. She's rushin' and runnin' all the time, all day. She's a nervous wreck. And when she asked him to write her up for an award, he refused. That's her reward for being so faithful, obedient.

**—Process Clerk [p. 461]**

Examples such as these—and there are many, many more—show how some employees view their jobs and the work they perform. Obviously, some jobs are more meaningful than others, and some individuals are more easily satisfied than others. Some people live to work, while others simply work to live. In any case, people clearly have strong feelings about what they do on the job and about the people with whom they work. In our study of behavior in organizations, we shall examine what people do, what causes them to do it, and how they feel about what they do. As a prelude to this analysis, however, we should first consider the basic unit of analysis in this study: work itself. What is work, and what functions does it serve in today's society?

Work has a variety of meanings in contemporary

society. Often we think of work as paid employment—the exchange of services for money. Although this definition may suffice in a technical sense, it does not adequately describe why work is necessary. Perhaps **work** could be more meaningfully defined as an activity that produces something of value for other people. This definition broadens the scope of work and emphasizes the social context in which the wage-effort bargain transpires. It clearly recognizes that work has purpose—it is productive. Of course, this is not to say that work is necessarily interesting or rewarding or satisfying. On the contrary, we know that many jobs are dull, repetitive, and stressful. Even so, the activities performed do have utility for society at large. One of the challenges of **management** is to discover ways of transforming necessary yet distasteful jobs into more meaningful situations that are more satisfying and rewarding for individuals and that still contribute to organizational productivity and effectiveness.

## Functions of Work

We know why work activities are important from an organization's viewpoint. Without work there is no product or service to provide. But why is work important to individuals? What functions does it serve?

First, work serves a rather obvious economic

function. In exchange for labor, individuals receive necessary income with which to support themselves and their families. But people work for many reasons beyond simple economic necessity.

Second, work also serves several social functions. The workplace provides opportunities for meeting new people and developing friendships. Many people spend more time at work with their co-workers than they spend at home with their own families.

Third, work also provides a source of social status in the community. One's occupation is a clue to how one is regarded on the basis of standards of importance prescribed by the community. For instance, in the United States a corporate president is generally accorded greater status than a janitor in the same corporation. In China, on the other hand, great status is ascribed to peasants and people from the working class, whereas managers are not so significantly differentiated from those they manage. In Japan, status is first a function of the company you work for and how well-known it is, and then the position you hold. It is important to note here that the status associated with the work we perform often transcends the boundaries of our organization. A corporate president or a university president may have a great deal of status in the community at large because of his position in the organization. Hence, the work we do can simultaneously

represent a source of social differentiation and a source of social integration.

Fourth, work can be an important source of identity and self-esteem and, for some, a means for self-actualization. It provides a sense of purpose for individuals and clarifies their value or contribution to society. As Freud noted long ago, “Work has a greater effect than any other technique of living in binding the individual more closely to reality; in his work he is at least securely attached to a part of reality, the human community.”[S. Freud, Lecture XXXIII, \*New Introductory Lectures on Psychoanalysis\* \(New York: Norton, 1933\), p. 34.](#) Work contributes to self-esteem in at least two ways. First, it provides individuals with an opportunity to demonstrate competence or mastery over themselves and their environment. Individuals discover that they can actually *do* something. Second, work reassures individuals that they are carrying out activities that produce something of value to others—that they have something significant to offer. Without this, the individual feels that he has little to contribute and is thus of little value to society.

We clearly can see that work serves several useful purposes from an individual’s standpoint. It provides a degree of economic self-sufficiency, social interchange, social status, self-esteem, and identity. Without this, individuals often experience sensations of powerlessness, meaninglessness, and

normlessness—a condition called **alienation**. In work, individuals have the possibility of finding some meaning in their day-to-day activities—if, of course, their work is sufficiently challenging. When employees are not involved in their jobs because the work is not challenging enough, they usually see no reason to apply themselves, which, of course, jeopardizes productivity and organizational effectiveness. This self-evident truth has given rise to a general concern among managers about declining productivity and work values. In fact, concern about this situation has caused many managers to take a renewed interest in how the behavioral sciences can help them solve many of the problems of people at work.

1. Define work.
2. What functions does work serve in modern society?

1. What is the meaning of work in a societal context?

Work will almost inevitably be a large part of your life. An understanding of organizational behavior



will aid you in making that part of life more productive and enjoyable for yourself as well those you are in a position to influence. In this course, our objective is to provide sound and relevant insights concerning individuals, groups, and overall organizational systems that will be helpful to you not just as an executive or CEO but also when you are starting your career as an individual contributor or subordinate.

## **Glossary**

### **Alienation**

The experience of being isolated from a group or an activity to which one should belong, or in which one should be involved.

### **Work**

All activity involving mental or physical effort done in order to achieve a purpose or result.

## The Changing Workplace

1. How do recognize and meet the challenges facing managers in the new millennium?

It has often been said that the only constant in life is change, and nowhere is this truer than in the workplace. As one recent study concluded, “The United States is a competitive location to the extent that firms operating in the U.S. are able to compete successfully in the global economy while supporting high and rising living standards for the average American. Although the U.S. retains profound competitive strengths—for instance, in higher education and entrepreneurship—those strengths are increasingly threatened by weaknesses in areas such as the tax code, basic education, macroeconomic policies, and regulation.”[Michael E. Porter and Jan V. Rivkin, \*The Looming Challenge to U.S. Competitiveness\*, Harvard Business Review, March 2012.](#) Companies face a variety of changes and challenges that will have a profound impact on organizational dynamics and performance. In fact, in many ways these changes and challenges will determine who will survive and prosper into the next century and who will not. Among these challenges are the following:

## The Challenge of International

## Competition

Until the 1980s, many American firms had little in the way of serious international competition. As a result, there was little incentive to innovate and remain efficient and competitive. Many companies became lazy and lost touch with their customers. This situation changed abruptly as companies in Asia and Western Europe developed more sophisticated products and marketing systems and gained significant market shares in home electronics, automobiles, medical equipment, telecommunications, and shipbuilding, to name a few areas. As a result, American companies lost considerable clout—and profitability. In the 1990s and into the new millennium, the lowering of trade barriers and acceptance of trade agreements like NAFTA led corporations to seek less expensive labor overseas. This led to lower costs and the ability to offer products at more competitive prices, but also led to a drop in manufacturing in industries like steel production, a drop in manufacturing of products like iPhones, and the relocation of call centers from the U.S. to India.

If we examine corporate behavior during the early decades of the new millennium, it is not difficult to see some of the reasons for the demise. In short, many North American firms lost their **industrial competitiveness**; that is, they lost their capacity to compete effectively in global markets, or they chose

to locate in foreign countries as a way to broaden their reach and become more competitive. Consider the following examples: [World Economic Outlook Database, International Monetary Fund](#). Retrieved 2018-07-15.

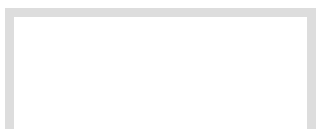
During the last year reported, India experienced a 7.5 percent *annual growth rate in real GDP* while China recorded an increase of 6.7 percent. This is a measure of how economies are progressing. Great Britain, France, and Italy all had close to 2 percent increases. At the same time, however, the United States recorded a 3.8 percent annual increase (and Canada had a 3 percent increase), a larger increase after a lethargic recovery from the 2009 financial crisis.

While traditional jobs have shifted to developing countries, countries like the United States and Canada have transformed their economies by incorporating more **technology** and automation as well as having a greater proportion of the workforce in the service sectors. It is anticipated that the coming decades will continue to bring disruption to traditional workplace skills that will result in challenging workers to continually evolve their skills.

Finally, the number of products that were *invented in the United States* but are now primarily *manufactured overseas* has increased dramatically—advances in

technology are helping the United States regain the top spot in world manufacturing. There had been a significant decline in our manufacturing sector as less expensive labor in markets like India and China led companies to locate factories there. Since 2010, however, the United States has risen from fourth place to second and is expected to claim the spot as the leading nation by 2020. The major reasons for this are: advanced manufacturing capabilities require fewer “line workers,” and having products produced near their major markets reduces transport and time to market.

Considering several indicators of the relative competitiveness of economies using seven metrics, the U.S. performs quite well. The seven metrics are institutions, infrastructure, macroeconomic environment, health and primary education, higher education and training, goods market efficiency, and labor market efficiency. When taking all of these factors into consideration (see [\[link\]](#) ), the United States ranks very well and has an environment of stable growth. One challenge is that workers will need to be nimble and evolve as new skills arise and will need to embrace continuous education and training as a way of managing their careers.



Global Competitive Index					
Rank	Country/ Economy	Score		Distance from Best	
Source: Adapted from World Economic Forum, “Global Competitiveness Index,” <a href="http://reports.weforum.org/global-competitiveness-index-2017-2018/competitiveness-rankings/#series=GCI">http://reports.weforum.org/global-competitiveness-index-2017-2018/competitiveness-rankings/#series=GCI</a> , accessed July 19, 2018.					
1	Switzerland	5.9		0.00% from best	
2	United States	5.9		0.09% from best	

3	Singapore	5.7	2.60% from best
4	Netherlands	5.7	3.34% from best
5	Germany	5.7	3.46% from best
6	Hong Kong SAR	5.5	5.56% from best
7	Sweden	5.5	5.78% from best
8	United Kingdom	5.5	5.99% from best
9	Japan	5.5	6.19% from best
10	Finland	5.5	6.29% from best

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In terms of organizational survival, herein lies what is perhaps management's biggest challenge: how to become more competitive. Greater competitiveness requires an understanding of individuals, groups, and entire organizational systems. Throughout this course, we shall see numerous examples of how companies from around the world are meeting the challenges of global competition. Particular emphasis will be placed on management practices in other countries as a point of comparison.

# The Challenge of New Technologies

Although it is common to think of “high tech” as applying only to the aerospace and telecommunications industries, advanced technologies can be found throughout most industries. For example, most of us are familiar with the explosive growth in computing. Both hardware and software change so rapidly that it is difficult for many companies to keep up. Personal computers are being replaced by cell phones that are now faster and more powerful than their predecessors. Cloud computing and access to big data and applications transform data into useful information that is increasingly complex and increasingly user friendly. In November of 1971 Intel launched the first microchip. Today, a modern Intel Skylake processor contains around 1.75 billion transistors—half a million of them would fit on a single transistor from the 4004—and collectively they deliver about 400,000 times as much computing muscle. “[The Future of Computing,](https://www.economist.com/leaders/2016/03/12/the-future-of-computing)” *The Economist*, March 12, 2015, <https://www.economist.com/leaders/2016/03/12/the-future-of-computing>. More and more companies are using computer-based systems and equipment—such as e-mail, real-time messaging and file sharing, PDAs, and cell phones—for communications. As a result, the way in which employees and managers communicate and make decisions is changing dramatically, and the importance of educated and knowledgeable workers



is increasing rapidly.

Technological changes also can be seen in the increased use of robotics, expert systems, and computer-integrated manufacturing systems, which have changed the way many products are manufactured today. Such changes affect not only production efficiency and product quality but also the nature of jobs. In many industries, the first-line supervisors are disappearing and being replaced by self-managing work teams who assume responsibility for production scheduling, quality control, and even performance appraisals. All of these technological changes require managers who are capable of effectively implementing technological change in the workplace—managers who can adapt to the technological imperative while still maintaining and developing the organization's human resources. We will examine the role of technology as it relates to organization structure, job design, communication, decision-making, and work-related stress. We will see how some companies successfully adapted to technological change in a way that benefited all parties concerned.

### **Siri Struggles to Keep Up with the Competition**

Many executives struggle in the ongoing competitive landscape of technology. With fast-

paced changes, staying one step ahead as well as being able to pivot quickly to respond to action are two critical elements to successful leadership.

Apple Inc. has made its third change in the past year to the leadership of the artificial intelligence voice-assistance system Siri. Due to many factors, including being outperformed by the competition such as Google Assistant and Amazon Inc.'s Alexa, the company decided to pivot and make the change.

These two systems have seen incredible growth in 2018, with the Amazon Echo and Google Home claiming each 34 percent of the market. Now John Giannandrea, formerly Google's head of search and AI, has joined the Apple team and is tasked with getting on the rival's level from which he came (Verge 2018).

He will be challenged not only by having a new culture and company to fit into, but also by finding a good balance on how to innovate in his new role, as well as taking the best practices that he has from his previous role and applying it to boost the success of the Apple artificial intelligence. Keys to his success will be how quickly he can adapt to the new role, learning, adapting, and making changes along the way to bring Apple back to the playing field of artificial intelligence.

**Question 1:** What other challenges would a new executive have coming from a competing company?

**Question 2:** How much change is too much? What

cautions should Apple be concerned about with all of the turnover for this position?

Sources: Nick Statt, “Apple’s New AI Chief Now Oversees Siri, Core ML, and Machine Learning Teams,” *The Verge*, July 10, 2018, <https://www.theverge.com/2018/7/10/17555652/apple-siri-ai-john-giannandrea-machine-learning-core-ml-teams>; Stephen Nellis, “Apple Shifts Responsibility For Siri to Operating System Chief,” *Reuters*, September 1, 2017, <https://www.reuters.com/article/us-apple-siri/apple-shifts-responsibility-for-siri-to-operating-system-chief-idUSKCN1BC65B>; Tripp Mickle, Apple Hands Siri Responsibility to Executive Poached from Google,” *The Wall Street Journal*, July 10, 2018, <https://www.wsj.com/articles/apple-hands-siri-responsibilities-to-executive-poached-from-google-1531261759>.

## **The Challenge of Increased Quality**

The challenge of industrial competitiveness incorporates several interrelated factors, including an appropriate product mix, manufacturing efficiency, effective cost controls, investment in research and development, and so forth. Not to be ignored in this pursuit is the quest for increased quality control of the products and services offered

in the marketplace. Total Quality Management (TQM) is a term often used to describe comprehensive efforts to monitor and improve all aspects of quality within a firm. BMW established and continues to maintain its reputation in part because customers have come to respect its high level of quality. Quality is also a major reason for the success of many Japanese products in North America. Simply put, if companies are going to compete, renewed efforts must be devoted to enhanced quality assurance. This, too, is a management challenge. How can managers get employees to care about the products they produce or the services they offer? In this book, we will consider both the issue of quality control (what is it?) and mechanisms of ensuring improved product quality (how do we get it?).

Moreover, quality control includes several organizational issues. For instance, how can managers get parties who are traditionally independently associated with a product to work together to build a better product? That is, how can they get the design staff, manufacturing engineers, workers, suppliers—and potential customers—to come together and cooperate in developing and manufacturing a superior product? Later in the book we will examine several instances in which such teamwork played a major role in quality improvement.

# **The Challenge of Employee Motivation and Commitment**

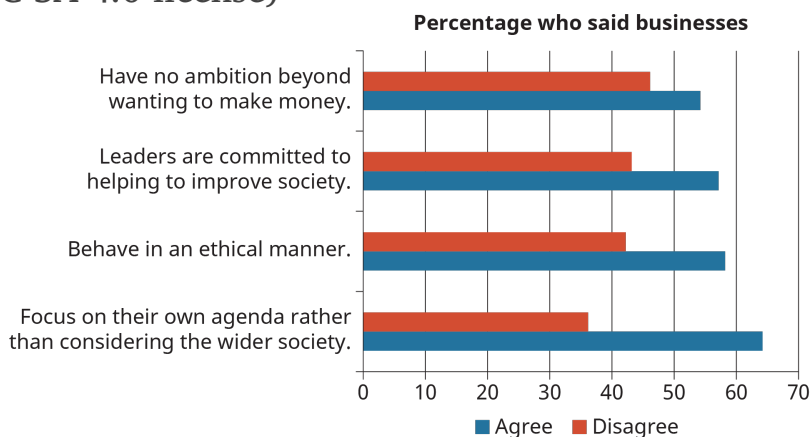
A major hurdle in the pursuit of industrial competitiveness is the traditional adversarial relationship between management and workers. Whether a company is unionized or not, we see situations in which the average employee simply sees no reason to increase output or to improve the quality of existing outputs. Frequently, the company's reward system restricts, rather than increases, performance. At other times, rewards encourage employees to increase quantity at the expense of quality. Furthermore, North American companies often view their workforce as a variable expense (in contrast to Japan, where the workforce is viewed as a fixed expense) and lay workers off when they are not needed for short-run activities. As a result, returning the favor, employees see little reason to be committed or loyal to their employers. Turnover and absenteeism rates are often unreasonably high, further eroding performance efficiency and effectiveness.

If companies are to succeed in an increasingly turbulent environment, managers must discover better ways to develop and motivate employees. A company's human resources often represent its biggest single asset, and failing to properly nurture this asset leads to suboptimal return on an organization's resources. Part of solving this

problem involves knowing and understanding today's employees. [link] illustrates the various characteristics employees consider important in their employers. Overall, employees seem to have a fairly positive outlook on their employers. As illustrated in [link], however, many millennials do not see their tenure lasting for a long period and expect to have another job soon.

### How Employees View Their Employers

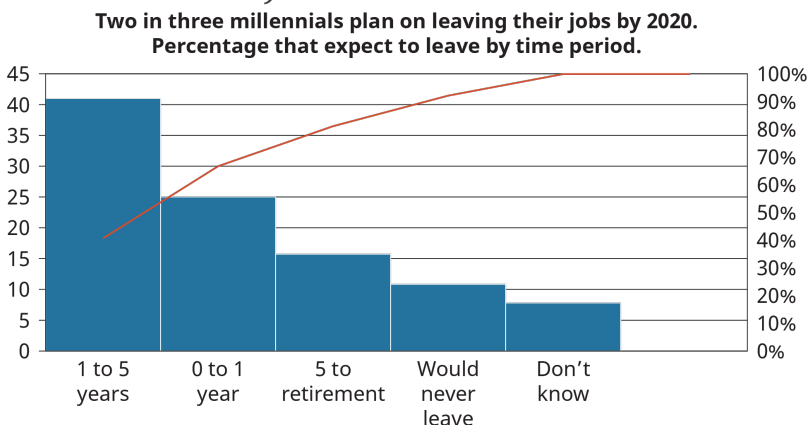
Source: Adapted from Deloitte, “2016 Deloitte Millennial Survey,” accessed July 18, 2018, <https://www2.deloitte.com/content/dam/Deloitte/global/Documents/About-Deloitte/gx-millennial-survey-2016-exec-summary.pdf>. (Attribution: Copyright Rice University, OpenStax, under CC BY-NC-SA 4.0 license)



### Millennials and the Workplace

Source: Adapted from Deloitte, “2016 Deloitte Millennial Survey,” accessed July 18, 2018, <https://www2.deloitte.com/content/dam/Deloitte/global/Documents/About-Deloitte/gx-millennial-survey-2016-exec-summary.pdf>. (Attribution:

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This problem is made all the more difficult by the changing nature of occupations. As shown in [\[link\]](#), we are seeing a sharp increase in the number of technicians, service workers, and sales workers. Growth also can be expected in engineering and managerial positions. These changes require a new look at how such employees are motivated. For example, do we motivate an engineer the same way we motivate a sales representative? How do we motivate senior executives as opposed to junior managers? In this book, we shall touch on these issues when we examine approaches to employee motivation. Managers have at their disposal several ways in which to increase employee motivation and performance, and an effective manager learns how and when to use each approach.

The Fastest-Growing Occupations			
Occupation	Growth Rate 2016–2026	2017 Median Pay	
Source: “Fastest Growing Occupations,” Occupational Outlook Handbook, Bureau of Labor Statistics, <a href="https://www.bls.gov/ooh/fastest-growing.htm">https://www.bls.gov/ooh/fastest-growing.htm</a> , accessed July 18, 2018.			
Solar photovoltaic installers	105%	\$39,490	
Wind turbine service technicians	96%	\$53,580	
Home health aides	47%	\$23,210	
Personal care aides	39%	\$23,110	



Physician assistants	37%	\$104,860
Nurse practitioner	36%	\$103,880
Statistician	34%	\$94,060
Physical therapist assistant	31%	\$57,440
Software developers, applications	31%	\$101,790
Mathematicians	30%	\$103,010
Physical therapist aides	29%	\$25,730
Bicycle repairs	29%	\$28,390
Medical assistants	29%	\$32,480

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## The Challenge of Managing a Diverse Workforce

Historically, the American economy has been dominated by white males. They have filled the vast majority of managerial positions and many of the more important blue-collar jobs, becoming skilled craftsmen. Traditionally, women filled lower-paying

clerical positions and often left the workforce to raise their families. Minorities of both genders found considerable barriers to entering the labor market at the higher (and higher-paying) levels. Now, things are changing, and the pace of this change is accelerating. Among other changes, the twenty-first century will also bring major changes in terms of workforce demographics. We will see changes in gender, race, and age.

### **Kaisee Permanente**

The winner of the E Pluribus Unum Corporate Leadership Award, Kaiser Permanente focuses on the elimination of racial and ethnic health care disparities and has been in the vanguard of efforts to create innovative, scalable approaches that address the cultural and linguistic needs of patients, and thereby improve overall health care quality and outcomes. Its industry-leading training, testing, and certification process for multilingual staff who serve as health care interpreters, as well as for the physicians who speak with patients in languages other than English, helps to improve the quality of patient care while also capitalizing on the organization's diverse workforce. (Credit: Ted Eytan/ flickr/ Attribution-ShareAlike 2.0 Generic (CC BY-SA 2.0))

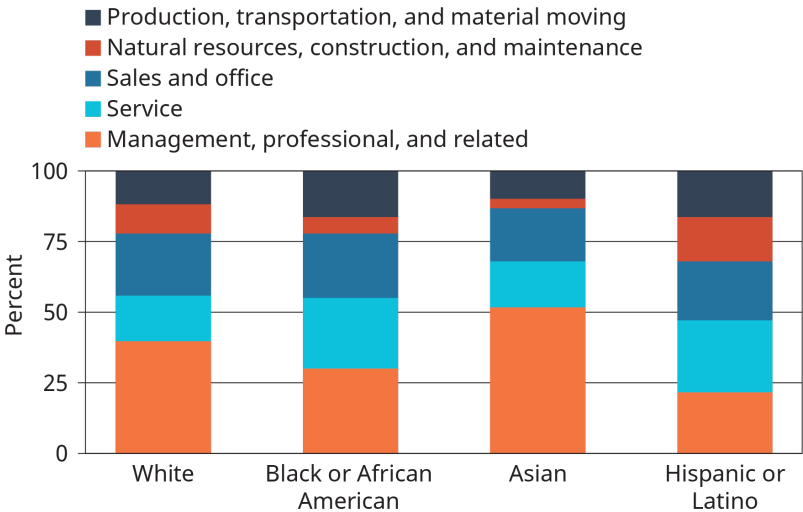


For example, we are seeing a drop in the percentage of white American-born male workers in the workplace. Only 15 percent of new entrants into the workforce will be white males. [Bureau of labor Statistics, “Labor Force Characteristics by Race and Ethnicity, 2016,” October 2017, https://www.bls.gov/opub/reports/race-and-ethnicity/2016/home.htm](https://www.bls.gov/opub/reports/race-and-ethnicity/2016/home.htm). The percentages for nonwhites and immigrants of both genders will increase (see [\[link\]](#)). In general, there are more women in positions of responsibility in both the public and private sectors and more opportunities for minorities. Some predict that the coming labor shortage will cause many companies to try to retain older workers for longer periods of time, beyond the traditional retirement age. Additionally, the belief that mentally or physically challenged individuals can play productive roles at work is increasing. Such changes bring opportunities for companies but also potential problems of adjustment if not managed

intelligently. We will examine several of these issues when we discuss careers and employee development.

### Employed People by Race and Latino or Hispanic Ethnicity, 2016

Note: People whose ethnicity is identified as Hispanic or Latino may be of any race. Data may not sum to 100 percent because of rounding. Source: U.S. Bureau of Labor Statistics, Current Population Survey (CPS). (Attribution: Copyright Rice University, OpenStax, under CC BY-NC-SA 4.0 license)



## The Challenge of Ethical Behavior

Finally, the future will bring a renewed concern with maintaining high standards of ethical behavior in business transactions and in the workplace. Many

executives and social scientists see unethical behavior as a cancer working on the fabric of society both in business and beyond. Many are concerned that we face a crisis of ethics in the West that is undermining our competitive strength. This crisis involves business, government, customers, and employees. Especially worrisome is unethical behavior among employees at all levels of the organization. For example, recent reports found that employees and vendors accounted for a higher percentage of thefts than did retail customers. [Elaine Pofeldt, “This Crime in the Workplace is Costing US Business \\$50 Billion a Year,” CNBC, September 12, 2017, https://www.cnbc.com/2017/09/12/workplace-crime-costs-us-businesses-50-billion-a-year.html](https://www.cnbc.com/2017/09/12/workplace-crime-costs-us-businesses-50-billion-a-year.html); and “Shoplifting, other Fraud Cost US Retailers \$44 Billion in 2014: Survey,” CNBC, June 24, 2015, <https://www.cnbc.com/2015/06/24/shoplifting-other-fraud-cost-us-retailers-44-billion-in-2014-survey.html>.

### **Papa John’s Founder under Fire**

As a manager, and leader, the words and actions you take are incredibly important. John Schnatter, founder and chairman of Papa John’s Pizza, found this out the hard way. During a media training conference call, Schnatter used derogatory comments and racial slurs. This call, although intended to be a role-playing exercise, quickly

turned into a bad dream for Schnatter. In response to this action, and having admitted the fault, Schnatter was forced to resign as chairman after the local NAACP branch called for his resignation. In addition, the board of directors decided that he would be removed from all marketing, publicity, and pizza boxes, and they took the stance that “Papa John’s is not an individual. Papa John’s is a pizza company with 120,000 corporate and franchise team members around the world” (Forbes 2018). Shares of stock for Papa John’s soared after the announcement of his resignation, adding \$50 million to Schnatter’s total net worth (CNN Money 2018). The values of the company prevailed through the actions of Schnatter, showcasing that despite making a mistake, the commitment to maintaining an ethical standard is still an important value to Schnatter as well as the company overall.

Question 1: Do you think the actions of the board of directors were enough to uphold Papa John’s reputation?

Question 2: What other actions or types of training should Papa John’s take with their employees in light of the current state of ethical defamation of the company and founder?

Sources: Julie Jargon, “Papa John’s Stock Soars After Chairman’s resignation,” *The Wall Street Journal*, July 12, 2018, <https://www.wsj.com/articles/papa-johns-directors-accept-chairmans-resignation-1531404524>; Megan Friedman, “John

Schnatter Will No longer Be the Face of Papa John's," *Delish*, July 16, 2018, <https://www.delish.com/food-news/a22162275/papa-johns-john-schnatter-removed-marketing/>; Noah Kirsch, "Papa John's Founder Resigns, Gains \$50 Million in a Day," *Forbes*, July 13, 2018, <https://www.forbes.com/sites/noahkirsch/2018/07/13/papa-johns-founder-john-schnatter-resigns-net-worth-rises-50-million-in-a-day/#6aaf997f7123>; Jordan Valinsky, "Papa John's Founder John Schnatter Kicked Out of His Office," *CNN Money*, July 16, 2018, <https://money.cnn.com/2018/07/16/news/companies/papa-johns-office/index.html>

In addition, we hear about illegal and unethical behavior on Wall Street—pension scandals in which disreputable executives gamble on risky business ventures with employee retirement funds, companies that expose their workers to hazardous working conditions, and blatant favoritism in hiring and promotion practices. Although such practices occur throughout the world, their presence nonetheless serves to remind us of the challenges we face.

This challenge is especially difficult because standards for what constitutes ethical behavior lie in a "gray zone" where clear-cut right-or-wrong

answers may not always exist. For example, if you were a sales representative for an American company abroad and your foreign competitors used bribes to get business, what would you do? In the United States such behavior is illegal, yet it is perfectly acceptable in other countries. What is ethical here? Similarly, in many countries women are systematically discriminated against in the workplace; it is felt that their place is in the home. In the United States, again, this practice is illegal. If you ran an American company in one of these countries, would you hire women in important positions? If you did, your company might be isolated in the larger business community, and you might lose business. If you did not, you might be violating what most Americans believe to be fair business practices.

Effective managers must know how to deal with ethical issues in their everyday work lives; therefore, we will devote parts of this course to the role of **ethics** in decision-making, the exercise of power, performance appraisals and reward systems, and so forth.

1. Describe the extent and nature of the challenges facing the workplace in the next decade.
2. What can be done about these challenges?



## 1. How do recognize and meet the challenges facing managers in the new millennium?

The fundamental challenge facing managers is how to achieve performance goals while simultaneously providing for employee welfare and satisfaction. Work may be defined as an activity that produces something of value for other people. Work serves several functions, including economic, social, status, self-esteem, and self-actualization. As managers in today's environment, several challenges arise, including international competition, new technologies, the need for increased quality, employee motivation and commitment, a diverse workforce, and ethical behavior. These challenges must be met by managers concerned about survival and competitiveness in the future.

## Glossary

### Ethics

Moral principles that govern a person's behavior or the conducting of an activity.

### Industrial competitiveness

The ability to provide products and services more effectively and efficiently than competitors.

## Technology

The application of scientific knowledge for practical purposes.

# The Nature of Management

## 1. What is expected of a manager?

If organizations are to be successful in meeting these challenges, management must lead the way. With effective management, contemporary companies can accomplish a great deal toward becoming more competitive in the global environment. On the other hand, ineffective management dooms the organization to mediocrity and sometimes outright failure. Because of this, we turn now to a look at the nature of management. However, we want to point out that even though our focus is on managers, what we discuss is also relevant to the actions of nonmanagers. On the basis of this examination, we should be ready to begin our analysis of what managers can learn from the behavioral sciences to improve their effectiveness in a competitive environment.

## What Is Management?

Many years ago, Mary Parker Follett defined management as “the art of getting things done through people.” A manager coordinates and oversees the work of others to accomplish ends he could not attain alone. Today this definition has been broadened. **Management** is generally defined

as the process of planning, organizing, directing, and controlling the activities of employees in combination with other resources to accomplish organizational objectives. In a broad sense, then, the task of management is to facilitate the organization's effectiveness and long-term goal attainment by coordinating and efficiently utilizing available resources. Based on this definition, it is clear that the topics of effectively managing individuals, groups, or organizational systems is relevant to anyone who must work with others to accomplish organizational objectives.

Management exists in virtually all goal-seeking organizations, whether they are public or private, large or small, profit-making or not-for-profit, socialist or capitalist. For many, the mark of an excellent company or organization is the quality of its managers.

## **Managerial Responsibilities**

An important question often raised about managers is: What responsibilities do managers have in organizations? According to our definition, managers are involved in planning, organizing, directing, and controlling. Managers have described their responsibilities that can be aggregated into nine major types of activities. These include:

1. *Long-range planning.* Managers occupying executive positions are frequently involved in strategic planning and development.
2. *Controlling.* Managers evaluate and take corrective action concerning the allocation and use of human, financial, and material resources.
3. *Environmental scanning.* Managers must continually watch for changes in the business environment and monitor business indicators such as returns on equity or investment, economic indicators, business cycles, and so forth.
4. *Supervision.* Managers continually oversee the work of their subordinates.
5. *Coordinating.* Managers often must coordinate the work of others both inside the work unit and out.
6. *Customer relations and marketing.* Certain managers are involved in direct contact with customers and potential customers.
7. *Community relations.* Contact must be maintained and nurtured with representatives from various constituencies outside the company, including state and federal agencies, local civic groups, and suppliers.
8. *Internal consulting.* Some managers make use of their technical expertise to solve internal problems, acting as inside consultants for organizational change and development.
9. *Monitoring products and services.* Managers get

involved in planning, scheduling, and monitoring the design, development, production, and delivery of the organization's products and services.

As we shall see, not every manager engages in all of these activities. Rather, different managers serve different roles and carry different responsibilities, depending upon where they are in the organizational hierarchy. We will begin by looking at several of the variations in managerial work.

## Variations in Managerial Work

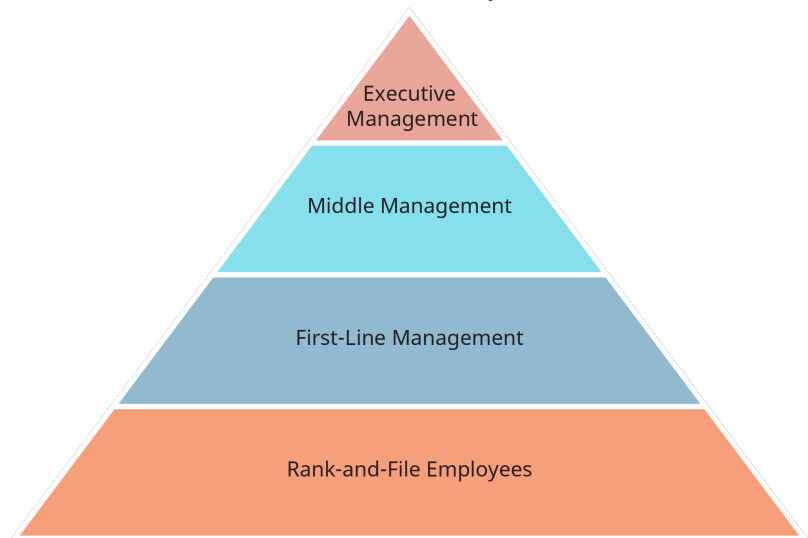
Although each manager may have a diverse set of responsibilities, including those mentioned above, the amount of time spent on each activity and the importance of that activity will vary considerably. The two most salient perceptions of a manager are (1) the manager's level in the organizational hierarchy and (2) the type of department or function for which he is responsible. Let us briefly consider each of these.

**Management by Level.** We can distinguish three general levels of management: executives, **middle management**, and **first-line management** (see [\[link\]](#)). **Executive managers** are at the top of the hierarchy and are responsible for the entire organization, especially its strategic direction.

Middle managers, who are at the middle of the hierarchy, are responsible for major departments and may supervise other lower-level managers. Finally, first-line managers supervise rank-and-file employees and carry out day-to-day activities within departments.

### Levels in the Management Hierarchy

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[\[link\]](#) shows differences in managerial activities by hierarchical level. Senior executives will devote more of their time to conceptual issues, while first-line managers will concentrate their efforts on technical issues. For example, top managers rate high on such activities as **long-range planning**, monitoring business indicators, coordinating, and internal consulting. Lower-level managers, by contrast, rate high on supervising because their

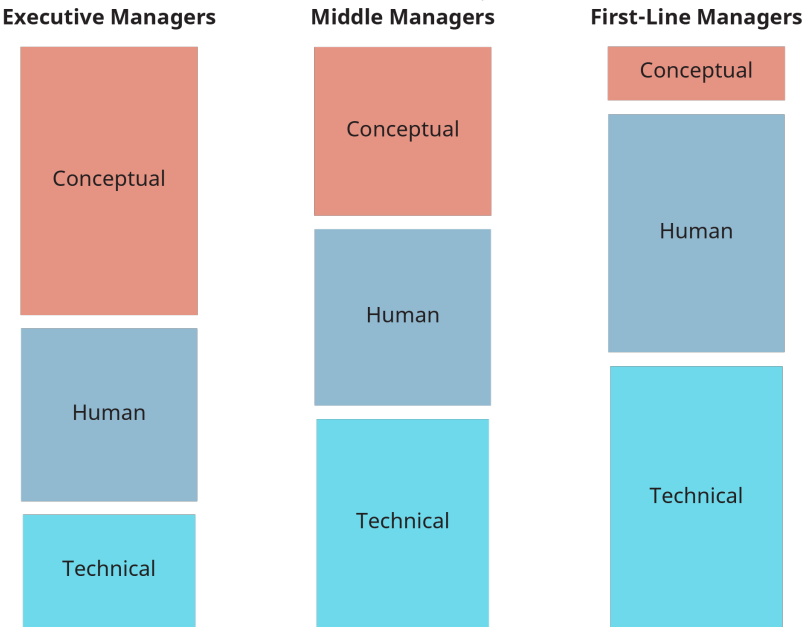
responsibility is to accomplish tasks through rank-and-file employees. Middle managers rate near the middle for all activities. We can distinguish three types of managerial skills: R. Katz, “Skills of an Effective Administrator,” *Harvard Business Review*, September-October 1974, pp. 34–56.

1. *Technical skills*. Managers must have the ability to use the tools, procedures, and techniques of their special areas. An accountant must have expertise in accounting principles, whereas a production manager must know operations management. These skills are the mechanics of the job.
2. *Human relations skills*. Human relations skills involve the ability to work with people and understand employee motivation and group processes. These skills allow the manager to become involved with and lead his or her group.
3. *Conceptual skills*. These skills represent a manager’s ability to organize and analyze information in order to improve organizational performance. They include the ability to see the organization as a whole and to understand how various parts fit together to work as an integrated unit. These skills are required to coordinate the departments and divisions successfully so that the entire organization can pull together.



As shown in [\[link\]](#) , different levels of these skills are required at different stages of the managerial hierarchy. That is, success in executive positions requires far more conceptual skill and less use of technical skills in most (but not all) situations, whereas first-line managers generally require more technical skills and fewer conceptual skills. Note, however, that human or people skills remain important for success at all three levels in the hierarchy.

**Difference in Skills Required for Successful Management According to Level in the Hierarchy**  
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**Management by Department or Function.** In addition to level in the hierarchy, managerial

responsibilities also differ with respect to the type of department or function. There are differences found for quality assurance, manufacturing, marketing, accounting and finance, and human resource management departments. For instance, manufacturing department managers will concentrate their efforts on products and services, controlling, and supervising. Marketing managers, in comparison, focus less on planning, coordinating, and consulting but more on customer relations and external contact. Managers in both accounting and human resource management departments rate high on long-range planning, but will spend less time on the organization's products and service offerings. Managers in accounting and finance are also concerned with controlling and with monitoring performance indicators, while human resource managers provide consulting expertise, coordination, and external contacts. The emphasis on and intensity of managerial activities varies considerably by the department the manager is assigned to.

At a personal level, knowing that the mix of conceptual, human, and technical skills changes over time and that different functional areas require different levels of specific management activities can serve at least two important functions. First, if you choose to become a manager, knowing that the mix of skills changes over time can help you avoid a common complaint that often young employees

want to think and act like a CEO before they have mastered being a first-line supervisor. Second, knowing the different mix of management activities by functional area can facilitate your selection of an area or areas that best match your skills and interests.

In many firms, managers are rotated through departments as they move up in the hierarchy. In this way they obtain a well-rounded perspective on the responsibilities of the various departments. In their day-to-day tasks they must emphasize the right activities for their departments and their managerial levels. Knowing what types of activity to emphasize is the core of the manager's job. In any event, we shall return to this issue when we address the nature of individual differences in the next chapter.

## **The Twenty-First Century Manager**

We discussed above many of the changes and challenges facing organizations in the twenty-first century. Because of changes such as these, the managers and executives of tomorrow will have to change their approaches to their jobs if they are to succeed in meeting the new challenges. In fact, their profiles may even look somewhat different than they often do today. Consider the five skills that *Fast Company* predicts that successful future managers, compared to the senior manager in the year 2000,

will need. The five skills are: the ability to think of new solutions, being comfortable with chaos, an understanding of technology, high emotional intelligence, and the ability to work with people and technology together.

For the past several decades, executive profiles have typically looked like this: He started out in finance with an undergraduate degree in accounting. He methodically worked his way up through the company from the controller's office in a division, to running that division, to the top job. His military background shows. He is used to giving orders—and to having them obeyed. As head of the philanthropic efforts, he is a big man in his community. However, the first time he traveled overseas on business was as chief executive. Computers, which became ubiquitous during his career, make him nervous. J. Lindzon, “Five Skills That You’ll Need to Lead the Company of the Future,” *Fast Company*, May 18, 2017, <https://www.fastcompany.com/40420957/five-skills-youll-need-to-lead-the-company-of-the-future>; A. Bennett, “Going Global: The Chief Executives in the Year 2000 Are Likely to Have Had Much Foreign Experience,” *Wall Street Journal*, February 27, 1989, p. A-4.

Now compare this with predictions about what a twenty-first-century executive will look like:

Her [or his] undergraduate degree might be in

French literature, but she also has a joint MBA/engineering degree. She started in research and was quickly picked out as a potential CEO. She is able to think creatively and thrives in a chaotic environment. She zigzagged from research to marketing to finance. She is comfortable with technology and people, with a high degree of emotional intelligence. She proved valuable in Brazil by turning around a failing joint venture. She speaks multiple languages and is on a first-name basis with commerce ministers in half a dozen countries. Unlike her predecessor's predecessor, she isn't a drill sergeant. She is first among equals in a five-person office of the chief executive.

Clearly, the future holds considerable excitement and promise for future managers and executives who are properly prepared to meet the challenges. How do we prepare them? One study suggested that the manager of the future must be able to fill at least the following four roles: [Jacob Morgan, "5 Qualities of the Modern Manager," \*Forbes\*, July 23, 2013, <https://www.forbes.com/sites/jacobmorgan/2013/07/23/5-must-have-qualities-of-the-modern-manager/#644a2b6a3a0b>.](https://www.forbes.com/sites/jacobmorgan/2013/07/23/5-must-have-qualities-of-the-modern-manager/#644a2b6a3a0b)

**Global strategist.** Executives of the future must understand world markets and think internationally. They must have a capacity to identify unique business opportunities and then move quickly to exploit them.

**Master of technology.** Executives and managers of the future must be able to get the most out of emerging technologies, whether these technologies are in manufacturing, communications, marketing, or other areas.

**Leadership that embraces vulnerability.** The successful executive of the future will understand how to cut through red tape to get a job done, how to build bridges with key people from highly divergent backgrounds and points of view, and how to make coalitions and joint ventures work.

**Follow-from-the-front motivator.** Finally, the executive of tomorrow must understand group dynamics and how to counsel, coach, and command work teams and individuals so they perform at their best. Future organizations will place greater emphasis on teams and coordinated efforts, requiring managers to understand participative management techniques.

**Great communicator.** To this list of four, we would add that managers of the future must be great communicators. They must be able to communicate effectively with an increasingly diverse set of employees as well as customers, suppliers, and community and government leaders.

Whether these predictions are completely accurate is difficult to know. Suffice it to say that most

futurists agree that the organizational world of the twenty-first century will likely resemble, to some extent, the portrait described here. The task for future managers, then, is to attempt to develop these requisite skills to the extent possible so they will be ready for the challenges of the next decade.

1. Define management.
2. How does the nature of management change according to one's level and function in the organization?

### 1. What is expected of a manager?

Management is the process of planning, organizing, directing, and controlling the activities of employees in combination with other resources to accomplish organizational goals. Managerial responsibilities include long-range planning, controlling, environmental scanning, supervision, coordination, customer relations, community relations, internal consulting, and monitoring of products and services. These responsibilities differ by level in the organizational hierarchy and by department or function. The twenty-first-century manager will

differ from most current managers in four ways. In essence, he or she will be a global strategist, a master of technology, a good politician, and a premier leader-motivator.

## Glossary

### Executive managers

Generally, a team of individuals at the highest level of management of an organization.

### First-line management

The level of management directly managing nonmanagerial employees.

### Long-range planning

A process of setting goals that outlines the path for the company's future.

### Management

The process of planning, organizing, directing, and controlling the activities of employees in combination with other resources to accomplish organizational objectives.

### Middle management

The managers in an organization at a level just below that of senior executives.



# A Model of Organizational Behavior and Management

1. What is the role of the behavioral sciences in management and organizations?

A major responsibility—perhaps *the* major responsibility—of managers is to make organizations operate effectively. Bringing about effective performance, however, is no easy task. As Nadler and Tushman note:

Understanding one individual's behavior is challenging in and of itself; understanding a group that's made up of different individuals and comprehending the many relationships among those individuals is even more complex. Imagine, then, the mind-boggling complexity of a large organization made up of thousands of individuals and hundreds of groups with myriad relationships among these individuals and groups. [D. Nadler and M. Tushman, "A Model for Diagnosing Organizational Behavior," \*Organizational Dynamics\*, 1980, p. 35.](#)

Despite this difficulty, however, organizations must be managed. Nadler and Tushman continue:

Ultimately the organization's work gets done through people, individually or collectively, on their own or in collaboration with technology. Therefore,

the management of **organizational behavior** is central to the management task—a task that involves the capacity to *understand* the behavior patterns of individuals, groups, and organizations, to *predict* what behavioral responses will be elicited by various managerial actions, and finally to use this understanding and these predictions to achieve *control*.[Ibid.](#)

The work of society is accomplished largely through organizations, and the role of management is to see to it that organizations perform this work. Without it, the wheels of society would soon grind to a halt.

## What Is Organizational Behavior?

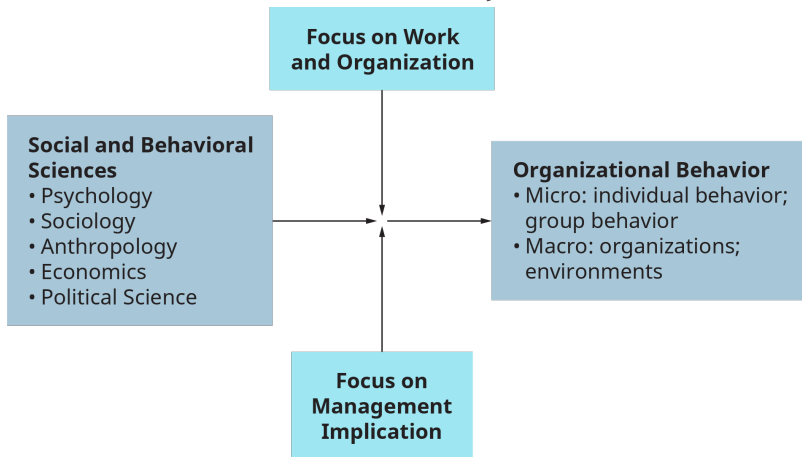
The study of the behavior of people in organizations is typically referred to as *organizational behavior*. Here, the focus is on applying what we can learn from the social and behavioral sciences so we can better understand and predict human behavior at work. We examine such behavior on three levels—the individual, the group, and the organization as a whole. In all three cases, we seek to learn more about what causes people—individually or collectively—to behave as they do in organizational settings. What motivates people? What makes some employees leaders and others not? Why do groups often work in opposition to their employer? How do organizations respond to changes in their external

environments? How do people communicate and make decisions? Questions such as these constitute the domain of organizational behavior and are the focus of this course.

To a large extent, we can apply what has been learned from psychology, sociology, and cultural anthropology. In addition, we can learn from economics and political science. All of these disciplines have something to say about life in organizations. However, what sets organizational behavior apart is its particular focus on the organization (not the discipline) in organizational analysis (see [\[link\]](#)). Thus, if we wish to examine a problem of employee motivation, for example, we can draw upon economic theories of wage structures in the workplace. At the same time, we can also draw on the psychological theories of motivation and incentives as they relate to work. We can bring in sociological treatments of social forces on behavior, and we can make use of anthropological studies of cultural influences on individual performance. It is this conceptual richness that establishes organizational behavior as a unique applied discipline. And throughout our analyses, we are continually concerned with the implications of what we learn for the quality of working life and organizational performance. We always look for management implications so the managers of the future can develop more humane and more competitive organizations for the future.

# Origins of Organizational Behavior

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For convenience, we often differentiate between micro- and macro-organizational behavior. **Micro-organizational behavior** is primarily concerned with the behavior of individuals and groups, while **macro-organizational behavior** (also referred to as **organization theory**) is concerned with organization-wide issues, such as organization design and the relations between an organization and its environment. Although there are times when this distinction is helpful, it is always important to remember that in most instances we learn the most when we take a comprehensive view of organizational behavior and integrate these two perspectives. That is, issues such as organization structure can influence employee motivation. Hence, by keeping these two realms separate we lose valuable information that can help us better

understand how to manage organizations.

### Invo new Hire

Xinyu Liu was hired as the studio as a designer at Invo, a Massachusetts-based firm. Prior to joining Invo, she was a user experience researcher at Samsung, where she investigated how to apply future technologies in everyday living. Changing behavior for good was a key component of the R&D work, leveraging invisible sensing tech, devising emotional effects, and crafting just-in-time graphic communication. Her wide-ranging skills, from analyzing social behavior to 3D modeling to electronics to UI design, are well-suited for the multi-domain projects at Invo. As part of the employee selection process, the hiring managers at Invo needed to recognize that their employees come from various backgrounds and have varying abilities and skills, differing motivational levels, and different ambitions. Within the organizational context, they needed to consider how Xinyu would fit on the team in the areas of communication, decision-making, and leadership, and how she would handle power and organizational politics as she carried out her responsibilities. (Credit: Juhan Sonin/ flickr/ Attribution 2.0 Generic (CC BY 2.0))

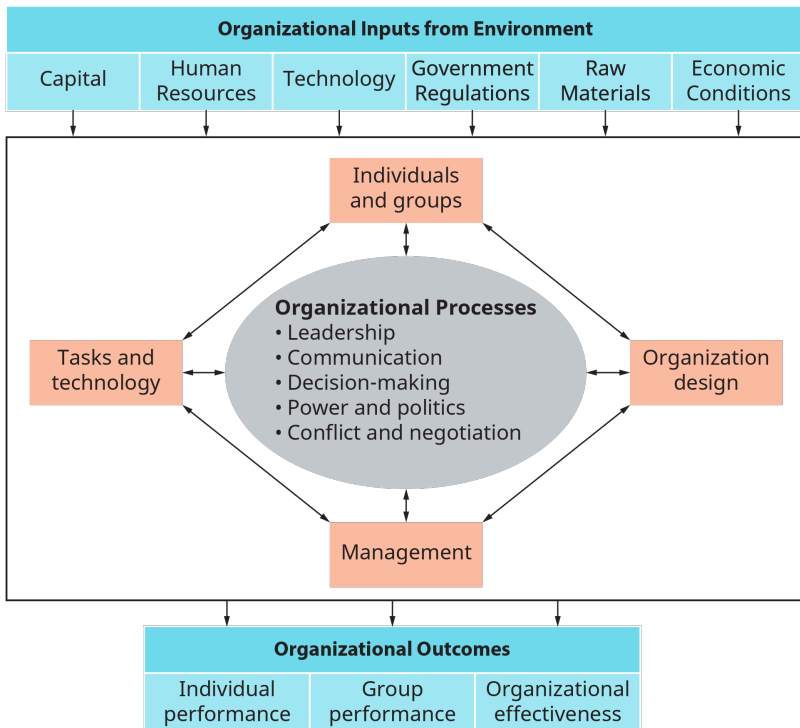


## **Building Blocks of Organizations**

Understanding the behavior of people at work is fundamental to the effective management of an organization. Obviously, a number of factors come together to determine this behavior and its organizational consequences. In order to understand the origins and characteristics of these factors, it is necessary to have a model that organizes and simplifies the variables involved. We offer such a model here in the hope that it will bring some order to the study of this subject. The model can be considered in two parts (see [\[link\]](#) ).

### **A Model of Management and Organizational Behavior**

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The first part of the model is the simple recognition of organizational inputs and outcomes. That is, organizations receive inputs from the external environment in the form of capital, raw materials, labor, community or government support, and so forth. In addition, organizations experience or produce certain outcomes, including (1) organizational goal attainment, (2) group performance and effectiveness, and (3) individual performance and effectiveness. Thus, organizations and the people in them exist in a constant state of flux, receiving and transforming inputs from the environment and returning those transformed inputs in the form of finished goods and services, return on

stockholders' equity, salaries that are paid to employees, and so forth. It is, in short, a dynamic system.

The second aspect of the model is the organization itself and all of its parts. One way to understand the complexity of organizations is to think of them simply as a set of building blocks, including:

**Individuals and groups.** Organizations are collectives of individuals and groups working to pursue common objectives. Their members come from various backgrounds and have varying abilities and skills, differing motivational levels, and different ambitions. Within the organizational context, these people must communicate, make decisions, show leadership, and handle power and organizational politics as they carry out their assigned activities.

**Tasks and technology.** In addition to variations among individuals and groups, we must recognize variations in the technology of the workplace. That is, how does the work actually get done? Technology includes both the actual design of jobs and the tools and techniques used in manufacture (e.g., robotics and expert systems).

**Organization design.** Putting together these factors—individuals and groups and tasks—is the subject of **organization design**. That is, how do we



structure an organization so it effectively coordinates and controls employee behavior to facilitate performance?

**Organizational processes.** In addition to people, machines, and structure, we must recognize a series of **organizational processes**, such as leadership, communication, decision-making, power and politics, and so forth. The processes largely determine the nature and quality of interpersonal and intergroup relations within the workplace and, as such, influence ultimate organizational performance.

Management. Finally, the glue that holds these building blocks together is the character of management. Throughout this text, we shall see numerous examples of how the degree of managerial effectiveness and prowess have determined the success or failure of a venture. We shall take a managerial view throughout our survey of organizational behavior.

There have been many attempts to provide a differentiation between leadership and management over time. While they are not the same thing, they are necessarily linked, and complementary. Any effort to separate the two is likely to cause more problems than it solves and as business evolved the content of leadership and management has changed. The emergence of the “knowledge worker,” and the

profound differences that this causes the way business is organized. With the rise of the knowledge worker, one does not 'manage' people, and instead the task is to lead people and the goal is to make productive the specific strengths and knowledge of every individual.

These five variables, then, will constitute the primary ingredients of this book. We shall proceed sequentially, beginning with individual behavior and moving to group and intergroup behavior and finally to organization design and structure. On the basis of this, we will turn to a consideration of several of the more important organizational processes. Finally, we will look to the future and examine ways that organizations can continue to develop and improve their workforces and the organization as a whole. Throughout, the roles of technology and management will be considered. Also, throughout, we will blend **theory** with research and practice.

1. Discuss the role of management in the larger societal context.
2. What do you think the managers of the future will be like?
3. Identify what you think are the critical issues facing contemporary management. Explain.

1. What is the role of the behavioral sciences in management and organizations?

Organizational behavior is the study of people in organizations. It can be studied on a micro level, which focuses on individual or group behavior, or on a macro level, which focuses on organization-wide actions and events. A model of organizational behavior is presented, consisting of five building blocks: individuals and groups, tasks and technology, organization design, organizational processes, and management.

## Chapter Review Questions

1. Define *work*.
2. What functions does work serve in modern society?
3. Describe the extent and nature of the challenges facing the workplace in the next decade.
4. What can be done about these challenges?
5. Define *management*.
6. How does the nature of management change according to one's level and function in the organization?
7. Discuss the role of management in the larger societal context. What do you think the

- managers of the future will be like?
8. Identify what you think are the critical issues facing contemporary management. Explain.

## **Critical Thinking Case**

### **New Management Challenges for the New Age**

Today's news is littered with scandals, new allegations of sexual assault, and tragedy. Since 2017 and the #metoo movement, stemming from the Harvey Weinstein scandal, more and more public figures have been put into the spotlight to defend themselves against allegations from women around the globe.

Not only publicly, but privately in companies around the world, there have been firings and investigations into misconduct from coworkers, managers, and CEOs. It is a relevant topic that is getting long-overdue publicity and encouraging more men and women to come forward to discuss openly rather than hide the events and injustices of the past. Other events showcase the tumultuous and on-edge society we are living in, such as the Charlottesville, VA, attack that left one dead and 19 injured when a person drove a car through a crowd of protestors during a white nationalist gathering.

With unanticipated events on a daily business, it is important for companies to take a stand against racial hatred and harassment of any kind, and to have firm policies when such events occur. Take Netflix, for example, who in July 2018 fired their chief communications officer for saying the “N-word” in full form. This event occurred during an internal meeting in which the speaker was not directing the slur at anyone specific, but claimed it was being made as an emphatic point about offensive words in comedy programming. The “Netflix way,” the culture that is built around radical candor and transparency, was put to the test during this occurrence.

The offender, Jonathan Friedland, attempted to apologize for his misdeed, hoping it would fade away and his apology would be accepted. However, it didn’t work that way; instead, the anger was palpable between coworkers and eventually led to the firing of Friedland after a few months of inaction.

Netflixers are given a high level of freedom and responsibility within their “Netflix way” culture. Blunt feedback is encouraged, and trust and discretion are the ultimate gatekeeper, as employees have access to sensitive information and are ultimately trusted for how they expense items and take vacation time.

In the insanely fast-paced streaming-services industry, it is hard to keep this culture at a premium, but it is imperative for the success of the company overall. “As you scale a company to become bigger and bigger, how do you scale that kind of culture?” said Colin Estep, a former senior engineer who left voluntarily in 2016. “I don’t know that we ever had a good answer.”

In order to keep up, sometimes the company is seen as harsh in their tactics to keep the best of the best. “I think we’re transparent to a fault in our culture and that can come across as cutthroat,” said Walta Nemariam, an employee in talent acquisition at Netflix.

Netflix has stayed true to their cultural values despite the pressures and sometimes negative connotations associated with this “cutthroat” environment. Their ability to remain agile, while displaying no tolerance for societal injustices, puts them at the forefront of new-age companies. It is a difficult pace to stay in line with, but it seems that they are keeping in stride and remaining true to who they are, for now.

### **Questions:**

1. How has the current cultural environment of our country shaped the way that companies are looking at their own corporate cultural standards?

2. What are the potential downfalls and positive influences of the “Netflix way”?
3. How does Netflix’s internal culture negatively or positively affect their ability to stay competitive and deliver cutting-edge content?

Sources: B. Stelter, “The Weinstein Effect: Harvey Weinstein scandal sparks movements in Hollywood and beyond,” CNN Business, October 20, 2017, <https://money.cnn.com/2017/10/20/media/weinstein-effect-harvey-weinstein/>; L. Hertzler, “Talking #MeToo, one year after bombshell Weinstein allegations,” Penn Today, October 30, 2018, <https://penntoday.upenn.edu/news/talking-me-too-one-year-later>; S. Ramachandaran and J. Flint, “At Netflix, Radical Transparency and Blunt Firings Unsettle the Ranks,” Wall Street Journal, October 25, 2018, <https://www.wsj.com/articles/at-netflix-radical-transparency-and-blunt-firings-unsettle-the-ranks-1540497174>.

## **Glossary**

### **Macro-organizational behavior**

Macro-organizational behavioral research steps back and looks at an organization as a whole.

### **Micro-organizational behavior**

Micro-organizational behavioral studies focus on individual and group dynamics within an

organization.

### Organizational design

A formal methodology that identifies dysfunctional aspects of workflow, procedures, structures and systems, and then realigns them to fit current business goals and develops plans to implement change.

### Organization theory

The study of organization designs and organization structures, relationship of organizations with their external environment, and the behavior of managers and workers within organizations.

### Organizational behavior

The study of the actions and attitudes of individuals and groups toward one another and toward the organization as a whole.

### Organizational processes

The activities that establish the business goals of the organization and develop **processes**, product and resource assets that when used will help to achieve business goals.

### Theory

A set of principles on which the practice of an activity is based.



## Introduction

class = "introduction"

## Cooking

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## Learning Outcomes

**After reading this chapter, you should be able to answer these questions:**

1. How do managers and organizations appropriately select individuals for particular jobs?
2. How do people with different abilities, skills, and personalities build effective work teams?
3. How do managers and employees deal effectively with individual differences in the workplace?
4. How can organizations foster a work environment that allows employees an opportunity to develop and grow?

5. How do managers know how to get the best from each employee?
6. What is the role of ethical behavior in managerial actions?
7. How do you manage and do business with people from different cultures?

### Building Back Trust on the Back End

One institution that has been around for generations is banking. However, many individuals have lost faith in the banking system, and who's to blame them? Big banks have let the general consumer down with security breaches and countless stories of scandals. One glaring example is Wells Fargo & Co., who are still recovering their brand from their admission of creating nearly two million accounts for customers without their permission. But this problem is not new. The approach to bolstering this trust factor is, however, taking on a new perspective with some quick adaptation and managerial foresight. One CEO, Cathie Mahon, chief executive officer of the National Federation of Community Development Credit Unions, is not taking the disparities between credit unions and big banks lying down. Credit unions have always operated differently from big banks, and one key factor is that they are nonprofit while their big-bank counterparts are for-profit enterprises. This also can mean that they offer

higher interest rates on deposits due to their size. Mahon has begun a keen undertaking to educate and empower low-income residents about financial resources. Her most recent endeavor is to provide a platform called CU Impact that keeps customers more informed about their balances, creates more trustworthy auto-pay features, more information delivered at ATMs as well. The improvements to the back-end reliability within the credit union system sustain the small, community feel of the credit union, while providing powerful, trustworthy systems that restore faith in their business. Her willingness to embrace technology and embrace differences of customers, employees, and the company structure overall made her the key to success for the future of their business.

Sources: Cohen, Arianne, "The CEO Who's Leveling the Playing Field Between Credit Unions and Big Banks," *Bloomberg Businessweek*, July 9, 2018, <https://www.bloomberg.com/news/articles/2018-07-09/the-ceo-who-s-leveling-the-playing-field-between-credit-unions-and-big-banks>; Koren, James Rufus, "It's been a year since the Wells Fargo scandal broke—and new problems are still surfacing," *Los Angeles Times*, September 8, 2017, <http://www.latimes.com/business/la-fi-wells-fargo-one-year-20170908-story.html>.

# Individual and Cultural Factors in Employee Performance

1. How do managers and organizations appropriately select individuals for particular jobs?

As we can see in the example of Cathie Mahon, our unique personal characteristics can have a dramatic influence on both individual behavior and the behavior of those around us. To succeed in any managerial position, it is necessary to have the appropriate skills and abilities for the situation. Moreover, when selecting subordinates, managers have similar concerns. In short, individual differences can play a major role in how well someone performs on the job. They can even influence whether someone gets the job in the first place. Because of this, we begin this section with a look at individual differences in the workplace.

Several factors can be identified that influence employee behavior and performance. One early model of job performance argued simply that performance was largely a function of *ability* and *motivation*. V.H. Vroom, *Work and Motivation* (New York: Wiley, 1964). Using this simple model as a guide, we can divide our discussion of individual factors in performance into two categories: those that influence our *capacity to respond* and those that influence our will or *desire to respond*. The first

category includes such factors as mental and physical abilities, personality traits, perceptual capabilities, and stress-tolerance levels. The second category includes those variables dealing with employee motivation. Both of these sets of factors are discussed in this part of the book as a prelude to more complex analyses of overall organizational performance.

Specifically, we begin our analysis in this chapter with a look at individual differences, including employee abilities and skills, personality variables, and work values. We will also examine the nature of culture and cultural diversity as it affects behavior in organizations both at home and abroad. Later we look at perception and job attitudes, and we review basic learning and reinforcement techniques. The basic theories of employee motivation are then introduced, including the concept of employee needs. More complex cognitive models of motivation will be examined, and finally, we review contemporary approaches to performance appraisals and reward systems in organizations. All told, this coverage aims to introduce the reader to the more salient aspects of individual behavior as they relate to organizational behavior and effectiveness.

1. What are the various abilities and skills that should be considered when hiring employees?

2. How should the personality differences and work values be taken into account when selecting employees?
3. What is the role of cultural diversity in selecting employees?

1. How do managers and organizations appropriately select individuals for particular jobs?

Because people enter organizations with preset dispositions, it is important to be able to analyze important individual characteristics, effectively select individuals, and appropriately match them to their jobs. However, this must be done carefully in light of both ethical and legal issues that face managers today.

## Employee Abilities and Skills

1. How do people with different abilities, skills, and personalities build effective work teams?

We begin with a look at *employee abilities and skills*. Abilities and skills generally represent those physical and intellectual characteristics that are relatively stable over time and that help determine an employee's capability to respond. Recognizing them is important in understanding organizational behavior, because they often bound an employee's ability to do the job. For example, if a clerk-typist simply does not have the manual dexterity to master the fundamentals of typing or keyboard entry, her performance will likely suffer. Similarly, a sales representative who has a hard time with simple numerical calculations will probably not do well on the job.

### Mental Abilities

It is possible to divide our discussion of abilities and skills into two sections: mental abilities and physical abilities. **Mental abilities** are an individual's intellectual capabilities and are closely linked to how a person makes decisions and processes information. Included here are such factors as verbal comprehension, inductive reasoning, and memory.

A summary is shown in [\[link\]](#) .

### Dimensions of Mental Abilities

- *Verbal comprehension*. The ability to understand the meanings of words and their relations to each other.
- *Word fluency*. The ability to name objects or use words to form sentences that express an idea.
- *Number aptitude*. The ability to make numerical calculations speedily and accurately.
- *Inductive reasoning*. The ability to discover a rule or principle and apply it to the solution of a problem.
- *Memory*. The ability to remember lists of words and numbers and other associations.
- *Spatial aptitude*. The ability to perceive fixed geometric figures and their relations with other geometric figures.
- *Perceptual speed*. The ability to perceive visual details quickly and accurately.

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From a managerial standpoint, a key aspect of mental ability is cognitive complexity. **Cognitive complexity** represents a person's capacity to acquire and sort through various pieces of information from the environment and organize them in such a way that they make sense. People with high cognitive complexity tend to use more information—and to see the relationships between aspects of this information—than people with low cognitive complexity. For example, if a manager was assigned a particular problem, would she have the capacity to break the problem down into its various facets and understand how these various facets relate to one another? A manager with low cognitive complexity would tend to see only one or two salient aspects of the problem, whereas a manager with higher cognitive complexity would understand more of the nuances and subtleties of the problem as they relate to each other and to other problems.

People with *low* cognitive complexity typically exhibit the following characteristics: R.J. Ebert and T.R. Mitchell, *Organization Decision Processes: Concepts and Analysis* (New York: Crane, Russak, 1975), p. 81.

They tend to be categorical and stereotypical. Cognitive structures that depend upon simple fixed rules of integration tend to reduce the possibility of thinking in terms of degrees.

Internal conflict appears to be minimized with simple structures. Since few alternative relationships are generated, closure is quick.

Behavior is apparently anchored in external conditions. There is less personal contribution in simple structures.

Fewer rules cover a wider range of phenomena. There is less distinction between separate situations.

On the other hand, people with *high* levels of cognitive complexity are typically characterized by the following:[Ibid.](#)

Their cognitive system is less deterministic. Numerous alternative relationships are generated and considered.

The environment is tracked in numerous ways. There is less compartmentalization of the environment.

The individual utilizes more internal processes. The self as an individual operates on the process.

Research on cognitive complexity has focused on two important areas from a managerial standpoint: leadership style and decision-making. In the area of leadership, it has been found that managers rated high on cognitive complexity are better able to handle complex situations, such as rapid changes in

the external environment. Moreover, such managers also tend to use more resources and information when solving a problem and tend to be somewhat more considerate and consultative in their approach to managing their subordinates. [T.R. Mitchell, “Cognitive Complexity and Leadership Style,” \*Journal of Personality and Social Psychology\*, 1970, 16, pp. 166–174.](#) In the area of decision-making, fairly consistent findings show that individuals with high cognitive complexity (1) seek out more information for a decision, (2) actually process or use more information, (3) are better able to integrate discrepant information, (4) consider a greater number of possible solutions to the problem, and (5) employ more complex decision strategies than individuals with low cognitive complexity. [H. M. Schroder, M. H. Driver, and S. Streufert, \*Human Information Processing\* \(New York: Holt, Rinehart and Winston, 1967\).](#)

## Physical Abilities

The second set of variables relates to someone's **physical abilities**. Included here are both basic physical abilities (for example, strength) and **psychomotor abilities** (such as manual dexterity, eye-hand coordination, and manipulation skills). These factors are summarized in [\[link\]](#). [E. J. McCormick and J. Tiffin, \*Industrial Psychology\* \(Englewood Cliffs, N.J.: Prentice-Hall, 1976\).](#)

Considering both mental and physical abilities helps one understand the behavior of people at work and how they can be better managed. The recognition of such abilities—and the recognition that people have *different* abilities—has clear implications for employee recruitment and selection decisions; it brings into focus the importance of matching people to jobs. For example, Florida Power has a 16-hour selection process that involves 12 performance tests. Over the test period of a couple of years, 640 individuals applied for “lineperson” jobs. Of these, 259 were hired. As a consequence of the new performance tests and selection process, turnover went from 43 percent to 4.5 percent, and the program saved net \$1 million. [Dale Feuer & Chris Lee. 1988. The Kaizen Connection: How Companies Pick Tomorrow’s Workers. Training. May, 23–35.](#) In addition to selection, knowledge of job requirements and individual differences is also useful in evaluating training and development needs. Because human resources are important to management, it is imperative that managers become more familiar with the basic characteristics of their people.

## **Dimensions of Physical Abilities**

### **Physical Abilities**

- *Dynamic strength.* The ability to exert

muscular force repeatedly or continuously for a period of time.

- *Trunk strength.* The ability to exert muscular strength using the back and abdominal muscles.
- *Static strength.* The amount of continuous force one is capable of exerting against an external object.
- *Explosive strength.* The amount of force one is capable of exerting in one or a series of explosive acts.
- *Extent flexibility.* The ability to move the trunk and back muscles as far as possible.
- *Dynamic flexibility.* The ability to make rapid and repeated flexing movements.
- *Gross body coordination.* The ability to coordinate the simultaneous actions of different parts of the body.
- *Equilibrium.* The ability to maintain balance and equilibrium in spite of disruptive external forces.
- *Stamina.* The ability to continue maximum effort requiring prolonged effort over time; the degree of cardiovascular conditioning.

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### **Psychomotor Abilities**

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- *Control precision.* The ability to make fine, highly controlled muscular movements needed to adjust a control mechanism.
- *Multilimb coordination.* The ability to coordinate the simultaneous movement of

hands and feet.

- *Response orientation*. The ability to make an appropriate response to a visual signal indicating a direction.
- *Rate control*. The ability to make continuous anticipatory motor adjustments in speed and direction to follow a continuously moving target.
- *Manual dexterity*. The ability to make skillful and well-directed arm-hand movements in manipulating large objects quickly.
- *Finger dexterity*. The ability to make skillful and controlled manipulations of small objects.
- *Arm-hand steadiness*. The ability to make precise arm-hand movements where steadiness is extremely important, and speed and strength are relatively unimportant.
- *Reaction time*. How quickly a person can respond to a single stimulus with a simple response.
- *Aiming*. The ability to make highly accurate, restricted hand movements requiring precise eye-hand coordination.

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1. Why should abilities and skills be taken into account when selecting employees?
2. Describe the components of mental abilities, cognitive complexity, physical ability, and psychomotor abilities.

1. How do people with different abilities, skills, and personalities build effective work teams?

Ability refers to one's capacity to respond, whereas motivation refers to one's desire to respond.

Abilities can be divided into mental abilities and physical abilities. Personality represents a stable set of characteristics and tendencies that determines the psychological behavior of people.

Personality development is influenced by several factors, including physiological, cultural, family and group, role, and situational determinants.

## Glossary

### Cognitive complexity

Represents a person's capacity to acquire and sort through various pieces of information from the environment and organize them in such a way that they make sense.

## Mental abilities

An individual's intellectual capabilities and are closely linked to how a person makes decisions and processes information. Included here are such factors as verbal comprehension, inductive reasoning, and memory.

## Physical abilities

Basic functional abilities such as strength, and psychomotor abilities such as manual dexterity, eye-hand coordination, and manipulation skills.

## Psychomotor abilities

Examples are manual dexterity, eye-hand coordination, and manipulation skills.



## Personality: An Introduction

1. How do managers and employees deal effectively with individual differences in the workplace?

The second individual difference variable deals with the concept of personality. We often hear people use and misuse the term **personality**. For example, we hear that someone has a “nice” personality. For our purposes, we will examine the term from a psychological standpoint as it relates to behavior and performance in the workplace. To do this, let us start with a more precise definition of the concept.

### Definition of Personality

Personality can be defined in many ways. Perhaps one of the more useful definitions for purposes of organizational analysis is offered by Salvatore Maddi, who defines *personality* as follows:

“... a stable set of characteristics and tendencies that determine those communalities and differences in the psychological behavior (thoughts, feelings, and actions) of people that have continuity in time and that may not be easily understood as the sole result of the social and biological pressures of the moment.” [S.R. Maddi, \*Personality Theories: A\*](#)

*Comparative Analysis* (Homewood, Ill.: Dorsey, 1980), p. 10.

Several aspects of this definition should be noted. First, personality is best understood as a constellation of interacting characteristics; it is necessary to look at the whole person when attempting to understand the phenomenon and its effects on subsequent behavior. Second, various dimensions of personality are relatively stable across time. Although changes—especially evolutionary ones—can occur, seldom do we see major changes in the personality of a normal individual. And third, the study of personality emphasizes both similarities and differences across people. This is important for managers to recognize as they attempt to formulate actions designed to enhance performance and employee well-being.

## **Influences on Personality Development**

Early research on personality development focused on the issue of whether heredity or environment determined an individual's personality. Although a few researchers are still concerned with this issue, most contemporary psychologists now feel this debate is fruitless. As noted long ago by Kluckhohn and Murray:

“The two sets of determinants can rarely be

completely disentangled once the environment has begun to operate. The pertinent questions are: (1) which of the various genetic potentialities will be actualized as a consequence of a particular series of life-events in a given physical, social, and cultural environment? and (2) what limits to the development of this personality are set by genetic constitution?"C. Kluckhohn and H. Murray, *Personality in Society and Nature*, (New York: Knopf, 1953).

In other words, if the individual is viewed from the whole-person perspective, the search for the determinants of personal traits focuses on both heredity and environment as well as the interaction between the two over time. In this regard, five major categories of determinants of personal traits may be identified: physiological, cultural, family and social group, role, and situational determinants.

**Physiological Determinants.** Physiological determinants include factors such as stature, health, and sex that often act as constraints on personal growth and development. For instance, tall people often tend to become more domineering and self-confident than shorter people. Traditional sex-role stereotyping has served to channel males and females into different developmental patterns. For example, males have been trained to be more assertive and females more passive.

**Cultural Determinants.** Because of the central role of culture in the survival of a society, there is great emphasis on instilling cultural norms and values in children growing up. For instance, in capitalist societies, where individual responsibility is highly prized, emphasis is placed on developing achievement-oriented, independent, self-reliant people, whereas in socialistic societies, emphasis is placed on developing cooperative, group-oriented individuals who place the welfare of the whole society ahead of individual needs. Cultural determinants affect personal traits. As Mussen notes, “The child’s cultural group defines the range of experiments and situations he is likely to encounter and the values and personality characteristics that will be reinforced and hence learned.”[P.H. Mussen, \*The Psychological Development of the Child\* \(Englewood Cliffs, N.J.: Prentice-Hall, 1963\).](#) Consider, for example, how Japanese society develops its world-renowned work ethic.

**Family and Social Group Determinants.** Perhaps the most important influences on personal development are family and social group determinants. For instance, it has been found that children who grow up in democratic homes tend to be more stable, less argumentative, more socially successful, and more sensitive to praise or blame than those who grow up in authoritarian homes.[Ibid.](#) One’s immediate family and peers contribute significantly to the socialization process,

influencing how individuals think and behave through an intricate system of rewards and penalties.

**Role Determinants.** People are assigned various roles very early in life because of factors such as sex, socioeconomic background, and race. As one grows older, other factors, such as age and occupation, influence the roles we are expected to play. Such role determinants often limit our personal growth and development as individuals and significantly control acceptable behavior patterns.

**Situational Determinants.** Finally, personal development can be influenced by situational determinants. These are factors that are often unpredictable, such as a divorce or death in the family. For instance, James Abegglen studied 20 successful male executives who had risen from lower-class childhoods and discovered that in three-fourths of the cases these executives had experienced some form of severe separation trauma from their fathers. Their fathers (and role models) had either died, been seriously ill, or had serious financial setbacks. Abegglen hypothesized that the sons' negative identification with their fathers' plights represented a major motivational force for achievement and success. [\*\*J. C. Abegglen,\*\*](#)  
[“Personality Factors in Social Mobility: A Study of Occupationally Mobile Businessmen,” \*Genetic Psychology Monographs\*, August 1958, pp. 101–159.](#)

## 1. What is the role of personality and personality development in the workplace?

1. How do managers and employees deal effectively with individual differences in the workplace?

Self-esteem represents opinions and beliefs concerning one's self and one's self-worth.

Locus of control is a tendency for people to attribute the events affecting their lives either to their own actions (referred to as internal locus of control) or to external forces (referred to as external locus of control).

## Glossary

### Personality

A stable set of characteristics and tendencies that determine those communalities and differences in the psychological behavior (thoughts, feelings, and actions) of people that have continuity in time and that may not be easily understood as the sole result of the social and biological pressures of the moment.

## Personality and Work Behavior

1. How can organizations foster a work environment that allows employees an opportunity to develop and grow?

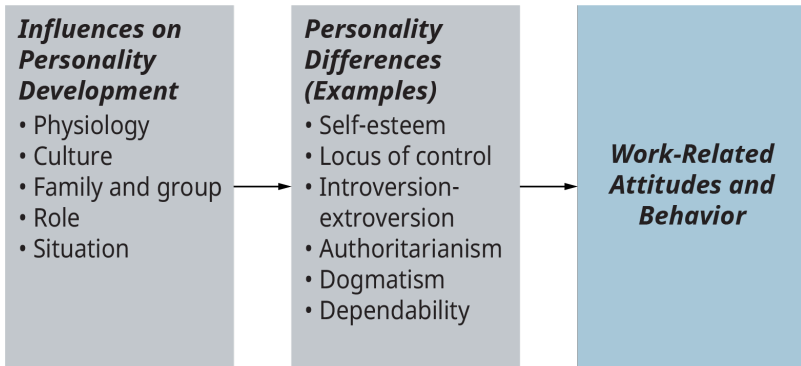
Personality theories that utilize the trait approach have proven popular among investigators of employee behavior in organizations. There are several reasons for this. To begin with, trait theories focus largely on the normal, healthy adult, in contrast to psychoanalytic and other personality theories that focus largely on abnormal behavior. Trait theories identify several characteristics that describe people. Allport insisted that our understanding of individual behavior could progress only by breaking behavior patterns down into a series of elements (traits). [G.W. Allport, \*Pattern and Growth in Personality\* \(New York: Holt, Rinehart and Winston, 1961\).](#) “The only thing you can do about a *total* personality is to send flowers to it,” he once said. Hence, in the study of people at work, we may discuss an employee’s dependability, emotional stability, or cognitive complexity. These traits, when taken together, form a large mosaic that provides insight into individuals. A third reason for the popularity of trait theories in the study of organizational behavior is that the traits that are identified are measurable and tend to remain relatively stable over time. It is much easier to make comparisons among employees using these tangible

qualities rather than the somewhat mystical psychoanalytic theories or the highly abstract and volatile self theories.

The number of traits people are believed to exhibit varies according to which theory we employ. In an exhaustive search, over 17,000 can be identified. Obviously, this number is so large as to make any reasonable analysis of the effects of personality in the workplace impossible. In order for us to make any sense out of this, it is necessary for us to concentrate on a small number of personality variables that have a direct impact on work behavior. If we do this, we can identify six traits that seem to be relatively important for our purposes here. It will be noted that some of these traits (for example, self-esteem or locus of control) have to do with how we see ourselves, whereas other traits (for example, introversion-extroversion or dependability) have to do with how we interact with others. Moreover, these traits are largely influenced by one's personality development and, in turn, influence actual attitudes and behaviors at work, as shown in [\[link\]](#).

**Relation of Personality to Attitudes and Behavior**  
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## Self-Esteem

One trait that has emerged recently as a key variable in determining work behavior and effectiveness is an employee's self-esteem. **Self-esteem** can be defined as one's opinion or belief about one's self and self-worth. It is how we see ourselves as individuals. Do we have confidence in ourselves? Do we think we are successful? Attractive? Worthy of others' respect or friendship?

Research has shown that high self-esteem in school-age children enhances assertiveness, independence, and creativity. People with high self-esteem often find it easier to give and receive affection, set higher goals for personal achievement, and exert energy to try to attain goals set for them. Moreover, individuals with high self-esteem will be more likely to seek higher-status occupations and will take more risks in the job search. For example, one study found that students possessing higher self-esteem

were more highly rated by college recruiters, received more job offers, and were more satisfied with their job search than students with low self-esteem. R. A. Ellis and M. S. Taylor, “Role of Self-Esteem within the Job Search Process,” *Journal of Applied Psychology*, 1983, 68, pp. 632–640. Hence, personality traits such as this one can affect your job and career even before you begin work!

## Locus of Control

**Locus of control** refers to the tendency among individuals to attribute the events affecting their lives either to their own actions or to external forces; it is a measure of how much you think you control your own destiny. Two types of individual are identified. People with an *internal* locus of control tend to attribute their successes—and failures—to their own abilities and efforts. Hence, a student would give herself credit for passing an examination; likewise, she would accept blame for failing.

In contrast, people with an *external* locus of control tend to attribute things that happen to them as being caused by someone or something else. They give themselves neither credit nor blame. Hence, passing an exam may be dismissed by saying it was “too easy,” whereas failing may be excused by convincing one’s self that the exam was “unfair.”

If you want to determine your own locus of control, fill out the self-assessment in the end-of-chapter assignments. This is an abbreviated and adapted version of the scale originally developed by Rotter. When you have finished, refer to that reference for scoring procedures.

Recent research on locus of control suggests that people with an internal locus of control (1) exhibit greater work motivation, (2) have stronger expectations that effort will lead to actual high job performance, (3) perform better on tasks requiring learning or problem-solving, (4) typically receive higher salaries and salary increases, and (5) exhibit less job-related anxiety than externals. P. Spector, "Behavior in Organizations as a Function of Locus of Control," *Psychological Bulletin*, May 1982, pp. 482–497; P. Nystrom, "Managers' Salaries and Their Beliefs About Reinforcement Control," *Journal of Social Psychology*, August 1983, pp. 291–292. Locus of control has numerous implications for management. For example, consider what would happen if you placed an "internal" under tight supervision or an "external" under loose supervision. The results probably would not be very positive. Or what would happen if you placed both internals and externals on a merit-based compensation plan? Who would likely perform better? Who might perform better under a piece-rate system?

## Introversion-Extroversion

The third personality dimension we should consider focuses on the extent to which people tend to be shy and retiring or socially gregarious. *Introverts* (**introversion**) tend to focus their energies inwardly and have a greater sensitivity to abstract feelings, whereas *extroverts* (**extroversion**) direct more of their attention to other people, objects, and events. Research evidence suggests that both types of people have a role to play in organizations. [L. R. Morris, \*Extroversion and Introversion: An Interactional Perspective\* \(New York: Hemisphere, 1979\), p.8.](#) Extroverts more often succeed in first-line management roles, where only superficial “people skills” are required; they also do better in field assignments—for example, as sales representatives. Introverts, on the other hand, tend to succeed in positions requiring more reflection, analysis, and sensitivity to people’s inner feelings and qualities. Such positions are included in a variety of departments within organizations, such as accounting, personnel, and computer operations. In view of the complex nature of modern organizations, both types of individual are clearly needed.

## Authoritarianism and Dogmatism

**Authoritarianism** refers to an individual’s

orientation toward authority. More specifically, an authoritarian orientation is generally characterized by an overriding conviction that it is right and proper for there to be clear status and power differences among people. T. W. Adorno, E. Frenkel-Brunswik, and D. J. Levinson, *The Authoritarian Personality* (New York: Harper & Row, 1950).

According to T. W. Adorno, a high authoritarian is typically (1) demanding, directive, and controlling of her subordinates; (2) submissive and deferential toward superiors; (3) intellectually rigid; (4) fearful of social change; (5) highly judgmental and categorical in reactions to others; (6) distrustful; and (7) hostile in response to restraint.

Nonauthoritarians, on the other hand, generally believe that power and status differences should be minimized, that social change can be constructive, and that people should be more accepting and less judgmental of others.

In the workplace, the consequences of these differences can be tremendous. Research has shown, for example, that employees who are high in authoritarianism often perform better under rigid supervisory control, whereas those rated lower on this characteristic perform better under more participative supervision. V. H. Vroom, *Some Personality Determinants of the Effects of Participation* (Englewood Cliffs, N.J.: Prentice-Hall, 1960). Can you think of other consequences that might result from these differences?

Related to this authoritarianism is the trait of dogmatism. **Dogmatism** refers to a particular cognitive style that is characterized by closed-mindedness and inflexibility. [M. Rokeach, \*The Open and Closed Mind\* \(New York: Basic Books, 1960\).](#)

This dimension has particularly profound implications for managerial decision-making; it is found that dogmatic managers tend to make decisions quickly, based on only limited information and with a high degree of confidence in the correctness of their decisions. [R. N. Taylor and M. D. Dunnette, "Influence of Dogmatism, Risk-Taking Propensity, and Intelligence on Decision-Making Strategies for a Sample of Industrial Managers," \*Journal of Applied Psychology\*, 1974, 59, pp. 420–423.](#) Do you know managers (or professors) who tend to be dogmatic? How does this behavior affect those around them?

## Dependability

Finally, people can be differentiated with respect to their behavioral consistency, or **dependability**. Individuals who are seen as self-reliant, responsible, consistent, and dependable are typically considered to be desirable colleagues or group members who will cooperate and work steadfastly toward group goals. [R. Stogdill, "Personal Factors Associated with Leadership: A Survey of the Literature," \*Journal of Psychology\*, 1948, 25, pp. 35–71; F. L. Greer, \*Small\*](#)

*Group Effectiveness* (Philadelphia: Institute for Research on Human Relations, 1955). Personnel managers often seek a wide array of information concerning dependability before hiring job applicants. Even so, contemporary managers often complain that many of today's workers simply lack the feeling of personal responsibility necessary for efficient operations. Whether this is a result of the personal failings of the individuals or a lack of proper motivation by superiors remains to be determined.

Obviously, personality factors such as those discussed here can play a major role in determining work behavior both on the shop floor and in the executive suite. A good example of this can be seen in the events leading up to the demise of one of America's largest and oldest architectural firms. Observe the role of personality in the events that follow.

### **Personality Clash: Design vs. Default**

Philip Johnson, at age 86, was considered the dean of American architecture and was known for such landmarks as the AT&T building in New York and the Pennzoil Center in Houston, but he was also forced out of the firm that he built, only to watch it fall into default and bankruptcy.

In 1969, Johnson invited John Burgee, who was

just 35, to become his sole partner to handle the management side of the business and thereby allow him to focus on the creative side. "I picked John Burgee as my righthand man. Every design architect needs a Burgee. The more leadership he took, the happier I was," Johnson said. Burgee's personality was perfectly suited to the nuts-and-bolts tasks of managing the firm and overseeing the projects through construction.

For all his management effort, Burgee felt that only Johnson's name ever appeared in the press. "It was always difficult for me, being a younger man and less flamboyant," commented Burgee. Eventually, Burgee was able to get Johnson to change the name of the firm, first to Philip Johnson & John Burgee Architects, then to Johnson/Burgee Architects, and finally to John Burgee Architects, with Philip Johnson. Although Burgee wanted to be involved in all aspects of the business, Johnson was unwilling to relinquish control over design to Burgee.

In 1988, Burgee sent a four-page memo to Johnson in which he listed each of the firm's 24 projects and outlined the ones for which Johnson could initiate designs, initiate contact with clients, or work on independently at home. Burgee also instructed Johnson not to involve himself with the younger architects or advise them on their drawings.

The clash of the creative personality of Johnson and the controlling personality of Burgee came to a



climax when Burgee asked Johnson to leave the firm. Unfortunately, Burgee underestimated the reaction of clients and lost many key contracts. Eventually, Burgee had to file for bankruptcy, and Johnson continued working on his own, including a project for Estée Lauder.

Source: Michelle Pacelle, "Design Flaw." *Wall Street Journal*, September 2, 1992, p. A1, A5.

1. What are the things that managers can do to foster an environment where employees can gain personal development and grow?

1. How can organizations foster a work environment that allows employees an opportunity to develop and grow?

Authoritarianism represents an individual's orientation toward authority and is characterized by an overriding conviction that it is appropriate for there to be clear status and power differences between people.

## Glossary

## Authoritarianism

Refers to an individual's orientation toward authority.

## Dependability

Individuals who are seen as self-reliant, responsible, and consistent, are viewed as dependable.

## Dogmatism

Refers to a particular cognitive style that is characterized by closed-mindedness and inflexibility.

## Extroversion

Refers to people who direct more of their attention to other people, objects, and events.

## Introversion

Refers to people who focus their energies inwardly and have a greater sensitivity to abstract feelings.

## Locus of control

Refers to the tendency among individuals to attribute the events affecting their lives either to their own actions or to external forces; it is a measure of how much you think you control your own destiny.

## Self-esteem

One's opinion or belief about one's self and

self-worth.

## Personality and Organization: A Basic Conflict?

1. How do managers know how to get the best from each employee?

Most theories of personality stress that an individual's personality becomes complete only when the individual interacts with other people; growth and development do not occur in a vacuum. Human personalities are the individual expressions of our culture, and our culture and social order are the group expressions of individual personalities. This being the case, it is important to understand how work organizations influence the growth and development of the adult employee.

A model of person-organization relationships has been proposed by Chris Argyris. [C. Argyris, "Personality and Organization Theory Revisited," \*Administrative Science Quarterly\*, 1973, 18, pp. 141–167.](#) This model, called the **basic incongruity thesis**, consists of three parts: what individuals want from organizations, what organizations want from individuals, and how these two potentially conflicting sets of desires are harmonized.

Argyris begins by examining how healthy individuals change as they mature. On the basis of previous work, Argyris suggests that as people grow to maturity, seven basic changes in needs and interests occur:

1. People develop from a state of passivity as infants to a state of increasing activity as adults.
2. People develop from a state of dependence upon others to a state of relative independence.
3. People develop from having only a few ways of behaving to having many diverse ways of behaving.
4. People develop from having shallow, casual, and erratic interests to having fewer, but deeper, interests.
5. People develop from having a short time perspective (i.e., behavior is determined by present events) to having a longer time perspective (behavior is determined by a combination of past, present, and future events).
6. People develop from subordinate to superordinate positions (from child to parent or from trainee to manager).
7. People develop from a low understanding or awareness of themselves to a greater understanding of and control over themselves as adults.

Although Argyris acknowledges that these developments may differ among individuals, the general tendencies from childhood to adulthood are believed to be fairly common.

Next, Argyris turns his attention to the defining

characteristics of traditional work organizations. In particular, he argues that in the pursuit of efficiency and effectiveness, organizations create work situations aimed more at getting the job done than at satisfying employees' personal goals. Examples include increased task specialization, unity of command, a rules orientation, and other things aimed at turning out a standardized product with standardized people. In the pursuit of this standardization, Argyris argues, organizations often create work situations with the following characteristics:

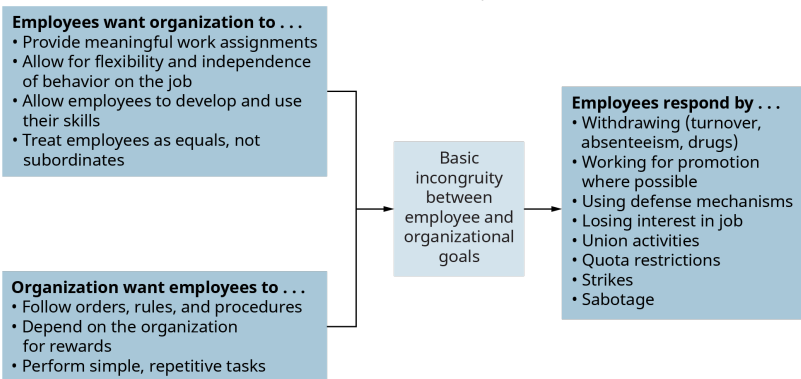
1. Employees are allowed minimal control over their work; control is often shifted to machines.
2. They are expected to be passive, dependent, and subordinate.
3. They are allowed only a short-term horizon in their work.
4. They are placed on repetitive jobs that require only minimal skills and abilities.
5. On the basis of the first four items, people are expected to produce under conditions leading to psychological failure.

Hence, Argyris argues persuasively that many jobs in our technological society are structured in such a way that they conflict with the basic growth needs of a healthy personality. This conflict is represented in [\[link\]](#). The magnitude of this conflict between personality and organization is a function of several

factors. The strongest conflict can be expected under conditions where employees are very mature, organization are highly structured and rules and procedures are formalized, and jobs are fragmented and mechanized. Hence, we would expect the strongest conflict to be at the lower levels of the organization, among blue-collar and clerical workers. Managers tend to have jobs that are less mechanized and tend to be less subject to formalized rules and procedures.

## Basic Conflict Between Employees and Organizations

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Where strong conflicts between personalities and organizations exist, or, more precisely, where strong conflicts exist between what employees and organizations want from each other, employees are faced with difficult choices. They may choose to leave the organization or to work hard to climb the ladder into the upper echelons of management. They may defend their self-concepts and adapt

through the use of defense mechanisms.

Disassociating themselves psychologically from the organization (e.g., losing interest in their work, lowering their work standards, etc.) and concentrating instead on the material rewards available from the organization is another possible response. Or they may find allies in their fellow workers and, in concert, may further adapt *as a group* by such activities as quota restrictions, unionizing efforts, strikes, and sabotage.

Unfortunately, although such activities may help employees feel that they are getting back at the organization, they do not alleviate the basic situation that is causing the problem. To do this, one has to examine the nature of the job and the work climate. Personality represents a powerful force in the determination of work behavior and must be recognized before meaningful change can be implemented by managers to improve the effectiveness of their organizations.

### Integrating Employee and Organizational Goals at Kayak

In many ways the above scenario paints a bleak portrait of the relationship of many workers to their employers. However, it should be noted that many companies are trying to change this relationship and create a partnership between



employees and company in which the goals of both are realized. In doing so, however, these companies are careful to select and hire only those employees who have the potential to fit in with the company's unique culture. A case in point is Kayak, an Internet-based travel company in Stamford, Connecticut. The company strives to create customer satisfaction, starting with their own culture and employees within the walls of their building. Cofounder and former CTO Paul English's goal was to bring a constant stream of "new-new ideas" and surround himself with "childlike creative people" to liven up the space and be able to promote inspiration.

Kayak doesn't hire based on technical skills; their philosophy is to hire an employee on the basis of being the smartest person that somebody knows. Employees are constantly pushed to put their ideas to the test, and the company emphasizes a work-life balance that puts their employees first, which in turn makes for a productive work environment. Kayak's ability to make fast-paced decisions comes from the empowerment of their employees to try out their ideas. Current CTO Giorgos Zacharia takes pride in the way they are able to keep order and drive deadlines. "Anyone on any team can come up with the idea, prototype it, and then we see what the user thinks about it. If it works, great! But there's no grand design; it's very organic and we see that as a strength," says Zacharia. By encouraging and rewarding risk-taking, Kayak is

able to make fast decisions, fail fast, and then turn around and come up with something more innovative that will be better than the last idea. Overall, the company hopes to offer its employees a work environment that allows for considerable personal growth and need-satisfaction. In short, the company aims to reduce the possibility of a basic incongruity developing between employee and organizational goals.

Sources: Hawkes, Jocelyn, "KAYAK on Creating a Culture of Innovation," *Fast Company*, April 4, 2012. (<https://www.fastcompany.com/1827003/kayak-creating-culture-innovation>); Hickey, Matt, "How KAYAK Converts Employee Well-Being Into Customer satisfaction," *Forbes*, October 4, 2015. <https://www.forbes.com/sites/matthickey/2015/10/07/how-kayak-converts-employee-well-being-into-customer-satisfaction/#6c97f519b7a4>.

## Personality and Employee Selection

Recent years have seen an increased interest in the use of preemployment screening tests. Several key assumptions underlie the use of personality tests as one method of selecting potential employees: (1) individuals have different personalities and traits,

(2) these differences affect their behavior and performance, and (3) different jobs have different requirements. Consequently, tests can be used to select individuals who match the overall company as well as match particular types of people to specific jobs. However, managers must be careful in their use of these selection instruments. Legally all selection tests must meet the guidelines for nondiscrimination set forth in the Equal Employment Opportunity Commission's Uniform Guidelines on Employee Selection Procedures. Specifically, in 1971 the Supreme Court ruled (*Griggs v. Duke Power Company*) that "good intent or the absence of discriminatory intent does not redeem . . . testing mechanisms that operate as built-in 'head-winds' for minority groups and are unrelated to measuring job capability." This ruling led to two important cases in which discrimination might apply to selection practices. First, "disparate treatment" involves the intentional discrimination against an individual based on race, color, gender, religion, or national origin. Second, "disparate impact" involves the adverse effect of selection practices (as well as other practices) on minorities regardless of whether these practices were intended to have an adverse impact or not. Consequently, although personality tests can be an important means of selecting potential employees as well as matching them to appropriate jobs, care must be taken to demonstrate that the characteristics measured actually predict job performance.

1. What are some things that managers can do to foster organizational harmony where they get the best results from all employees?

1. How do managers know how to get the best from each employee?

Dogmatism refers to a cognitive style characterized by closed-mindedness and inflexibility.

The basic incongruity thesis asserts that individuals and organizations exist in a constant state of conflict because each has different goals and expectations from the other. Employees want organizations to provide more autonomy and meaningful work, while organizations want employees to be more predictable, stable, and dependable.

## Glossary

### Basic incongruity thesis

Consists of three parts: what individuals want from organizations, what organizations want from individuals, and how these two potentially conflicting sets of desires are harmonized.

## Personal Values and Ethics

### 1. What is the role of ethical behavior in managerial actions?

A factor that has surprised many business leaders is the alarming rise in accusations of unethical or disreputable behavior in today's companies. We hear with increasing regularity of stock market manipulations, disregard of environmental hazards, bribes, and kickbacks. To understand these behaviors, we must examine the role of values and personal ethics in the workplace. We begin with the concept of values.

A *value* may be defined as “an enduring belief that a specific mode of conduct or end-state of existence is personally or socially preferable to an opposite or converse mode of conduct or end-state of existence.” [M. Rokeach, \*The Nature of Human Values\* \(New York: Free Press, 1973\), p. 5.](#) In other words, a value represents a judgment by an individual that certain things are “good” or “bad,” “important” or “unimportant,” and so forth. As such, values serve a useful function in providing guidelines or standards for choosing one's own behavior and for evaluating the behavior of others.

## Characteristics of Values

The values people have tend to be relatively stable over time. The reason for this lies in the manner in which values are acquired in the first place. That is, when we first learn a value (usually at a young age), we are taught that such-and-such behavior is *always* good or *always* bad. For instance, we may be taught that lying or stealing is always unacceptable. Few people are taught that such behavior is acceptable in some circumstances but not in others. Hence, this definitive quality of learned values tends to secure them firmly in our belief systems. This is not to say that values do not change over time. As we grow, we are increasingly confronted with new and often conflicting situations. Often, it is necessary for us to weigh the relative merits of each and choose a course of action. Consider, for example, the worker who has a strong belief in hard work but who is pressured by her colleagues not to outperform the group. What would you do in this situation?

Rokeach has identified two fundamental types of values: instrumental and terminal. [Ibid.](#)

**Instrumental values** represent those values concerning the way we approach end-states. That is, do we believe in ambition, cleanliness, honesty, or obedience? What factors guide your everyday behavior? **Terminal values**, on the other hand, are those end-state goals that we prize. Included here are such things as a comfortable life, a sense of accomplishment, equality among all people, and so forth. Both sets of values have significant influence

on everyday behavior at work.

You can assess your own instrumental and terminal values by completing the self-assessment in the end-of-chapter assignments. Simply rank-order the two lists of values, and then refer to the reference for scoring procedures.

## **Role of Values and Ethics in Organizations**

**Personal values** represent an important force in organizational behavior for several reasons. In fact, at least three purposes are served by the existence of personal values in organizations: (1) values serve as standards of behavior for determining a correct course of action; (2) values serve as guidelines for decision-making and conflict resolution; and (3) values serve as an influence on employee motivation. Let us consider each of these functions.

**Standards of Behavior.** First, values help us determine appropriate standards of behavior. They place limits on our behavior both inside and outside the organization. In such situations, we are referring to what is called *ethical behavior*, or **ethics**.

Employees at all levels of the organization have to make decisions concerning what to them is right or wrong, proper or improper. For example, would you conceal information about a hazardous product

made by your company, or would you feel obliged to tell someone? How would you respond to petty theft on the part of a supervisor or coworker in the office? To some extent, ethical behavior is influenced by societal values. Societal norms tell us it is wrong to engage in certain behaviors. In addition, however, individuals must often determine for themselves what is proper and what is not. This is particularly true when people find themselves in “gray zones”—situations where ethical standards are ambiguous or unclear. In many situations, a particular act may not be illegal. Moreover, one’s colleagues and friends may disagree about what is proper. In such circumstances, people have to determine their own standards of behavior.

### Two Cultures’ Perspectives of Straight Talk

Yukiko Tanabe, a foreign exchange student from Tokyo, Japan, was both eager and anxious about making new friends during her one-year study abroad in the United States. After a month-long intensive course in English over the summer, she began her studies at the University of California. Yukiko was in the same psychology class as Jane McWilliams. Despite Yukiko’s somewhat shy personality, it did not take long before she and Jane were talking before and after class and studying together.

Part of the way through the term, the professor



asked for volunteers to be part of an experiment on personalities and problem-solving. The professor also offered extra credit for participation in the experiment and asked interested students to stay after class to discuss the project in more detail. When class was over, Jane asked Yukiko if she wanted to stay after and learn more about the project and the extra credit. Yukiko hesitated and then said that she was not sure. Jane replied that it would only take a few minutes to listen to the explanation, and so the two young women went up to the front of the class, along with about 20 other students, to hear the details.

The project would simply involve completing a personality questionnaire and then attempting to solve three short case problems. In total, it would take about one hour of time and would be worth 5 percent extra credit. Jane thought it was a great idea and asked Yukiko if she wanted to participate. Yukiko replied that she was not sure. Jane responded that they could go together, that it would be fun, and that 5 percent extra credit was a nice bonus. To this Yukiko made no reply, so Jane signed both of them up for the project and suggested that they meet at the quad about 10 minutes before the scheduled beginning of the experiment.

On the day of the experiment, however, Yukiko did not show up. Jane found out later from Yukiko that she did not want to participate in the experiment. "Then why didn't you just say so?" asked Jane.

“Because I did not want to embarrass you in front of all your other friends by saying no,” explained Yukiko.

Source: Personal communication by the author.  
Names have been disguised.

**Guidelines for Decision-Making and Conflict Resolution.** In addition, values serve as guidelines for making decisions and for attempting to resolve conflicts. Managers who value personal integrity are less likely to make decisions they know to be injurious to someone else. Relatedly, values can influence how someone approaches a conflict. For example, if your boss asks your opinion about a report she wrote that you don’t like, do you express your opinion candidly or be polite and flatter her?

An interesting development in the area of values and decision-making involves integrity or honesty tests. These tests are designed to measure an individual’s level of integrity or honesty based on the notion that honest or dishonest behavior and decisions flow from a person’s underlying values. Today over 5,000 firms use these tests, some of which use direct questions and some of which use camouflaged questions. Although the reliability of the most common tests seem good, their validity (i.e., the extent to which they can accurately predict dishonest behavior) is more open to question. [Paul](#)

R. Sackett, Laura R. Burris, and Christine Callahan. 1989. Integrity Testing for Personnel Selection. *Personnel Psychology*, 42, 491–529. Nevertheless, because they do not cost much and are less intrusive than drug or polygraph testing, integrity tests are increasingly used to screen potential employees.

**Influence on Motivation.** Values affect employee motivation by determining what rewards or outcomes are sought. Employees are often offered overtime work and the opportunity to make more money at the expense of free time and time with their families. Which would you choose? Would you work harder to get a promotion to a perhaps more stressful job or “lay back” and accept a slower and possibly less rewarding career path? Value questions such as these confront employees and managers every day.

Prominent among work-related values is the concept of the **work ethic**. Simply put, the work ethic refers to the strength of one’s commitment and dedication to hard work, both as an end in itself and as a means to future rewards. Much has been written lately concerning the relative state of the work ethic in North America. It has been repeatedly pointed out that one reason for our trouble in international competition lies in our rather mediocre work ethic. This is not to say that many Americans do not work hard; rather, it is to say that others (most notably those in East Asia) simply work harder.

There are many ways to assess these differences, but perhaps the simplest way is to look at actual hours worked on average in different countries both in Asia and Western Europe. Looking at [\[link\]](#) , you may be surprised to discover that although the average American works 1,789 hours (and takes an average of 19.5 vacation days) per year, the average South Korean works 2,070 hours per year (and takes only 4.5 days of vacation)! [R. M. Steers, Y. K. Shin, and G. R. Ungson, \*The Chaebol: Korea's New Industrial Might\* \(New York: Harper & Row, 1989\), p. 96.](#) The typical Japanese worker works 1,742 hours per year and takes 9.6 days of vacation. Meanwhile, Western Europeans work fewer hours and take more vacation days. Thus, although Americans may work longer hours than many Europeans, they fall far behind many in East Asia.

Average Hours Worked and Vacation Taken per Worker		
Country	Average Hours Worked per Year	Vacation Days Actually Taken
Source: Adapted		

from OECD.Stat,  
 “Average annual  
 hours actually  
 worked per  
 worker,”  
 accessed July 20,  
 2018, [https://  
 stats.oecd.org/  
 Index.aspx?  
 DataSetCode=ANHRS;](https://stats.oecd.org/Index.aspx?DataSetCode=ANHRS)  
 and Richard M.  
 Steers, Yoo Keun  
 Shin, and  
 Gerardo R.  
 Ungson, *The  
 Chaebol: Korea’s  
 New Industrial  
 Might*  
 (Philadelphia:  
 Ballinger, 1989).

South Korea	2,070	4.5
United States	1,789	19.5
OECD Average	1,763	
Japan	1,742	9.6
United Kingdom	1,676	22.5
Germany	1,288	30.2
France	1,472	25.0

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## **Example: A Country Tries to Reduce Its Workweek**

What does a country do when its people are overmotivated? Consider the case of Japan. On the basis of Japan's newfound affluence and success in the international marketplace, many companies—and the government—are beginning to be concerned that perhaps Japanese employees work too hard and should slow down. They may be too motivated for their own good. As a result, the Japanese Department of Labor has initiated a drive to shorten the workweek and encourage more Japanese employees to take longer holidays. The effort is focusing on middle-aged and older employees, because their physical stamina may be less than that of their more junior colleagues. Many companies are following this lead and are beginning to reduce the workweek. This is no easy task in a land where such behavior may be seen by employees as showing disloyalty toward the company. It requires a fundamental change in employee attitudes.

At the same time, among younger employees, cracks are beginning to appear in the fabled Japanese work ethic. Younger workers are beginning to express increased frustration with dull jobs and routine

assignments, and job satisfaction appears to be at an all-time low. Young Japanese are beginning to take longer lunch periods and look forward to Friday and the coming weekend. Whether this is attributable to increasing affluence in a changing society or simply the emergence of a new generation, things are changing—however slowly—in the East. [L. Smith, “Cracks in the Japanese Work Ethic,” \*Fortune\*, May 14, 1984, pp. 162–168](#); [K. Van Wolferen, \*The Enigma of Japanese Power\* \(New York: Knopf, 1989\).](#)

1. What role do managers undertake to ensure an environment where ethics and values are followed?

1. What is the role of ethical behavior in managerial actions?

A value is an enduring belief that one specific mode of conduct or end-state is preferable to others. Instrumental values are beliefs concerning the most appropriate ways to pursue end-states, whereas terminal values are beliefs concerning the most desirable end-states themselves.

Ethics are important to individuals because they serve as (1) standards of behavior for determining a correct course of action, (2) guidelines for decision-making and conflict resolution, and (3) influences on employee motivation. The work ethic refers to someone's belief that hard work and commitment to a task are both ends in themselves and means to future rewards.

## **Glossary**

### **Ethics**

Values that help us determine appropriate standards of behavior and place limits on our behavior both inside and outside the organization.

### **Instrumental values**

Represent those values concerning the way we approach end-states and whether individuals believe in ambition, cleanliness, honesty, or obedience.

### **Personal values**

Represent an important force in organizational behavior for several reasons.

### **Terminal values**

End-state goals that we prize.

### **Work ethic**



Refers to the strength of one's commitment and dedication to hard work, both as an end in itself and as a means to future rewards.

## Cultural Differences

1. How do you manage and do business with people from different cultures?

The final topic we will discuss in this chapter is the role of culture and cultural diversity in organizational behavior. Cultural diversity can be analyzed in many ways. For instance, we can compare cultural diversity *within* one country or company, or we can compare cultures *across* units. That is, we can look inside a particular North American firm and see employees who are Asian, black, Latino, American Indian, white, and so forth. Clearly, these individuals have different cultural backgrounds, frames of reference, traditions, and so forth. Or we can look more globally and compare a typical American firm with a typical Mexican, Italian, or Chinese firm and again see significant differences in culture.

We can also analyze cultural diversity by looking at different patterns of behavior. For instance, Americans often wonder why Japanese or Korean businesspeople always bow when they meet; this seems strange to some. Likewise, many Asians wonder why Americans always shake hands, a similarly strange behavior. Americans often complain that Japanese executives say “yes” when they actually mean something else, while Japanese executives claim many Americans promise things

they know they cannot deliver. Many of these differences result from a lack of understanding concerning the various cultures and how they affect behavior both inside and outside the workplace. As the marketplace and economies of the world merge ever closer, it is increasingly important that we come to understand more about cultural variations as they affect our world.

## What Is Culture?

Simply put, **culture** may be defined as “the collective programming of the mind which distinguishes the members of one human group from another; the interactive aggregate of common characteristics that influences a human group’s response to its environment.”[G. Hofstede, \*Culture’s Consequence\*, \(Beverly Hills, Calif.: Sage, 1980\), p. 25.](#) More to the point, culture is the “collective mental programming of a people.”[Ibid.](#) It is the unique characteristics of a people. As such, culture is:

- Something that is shared by all or most of the members of a society
- Something that older members of a society attempt to pass along to younger members
- Something that shapes our view of the world

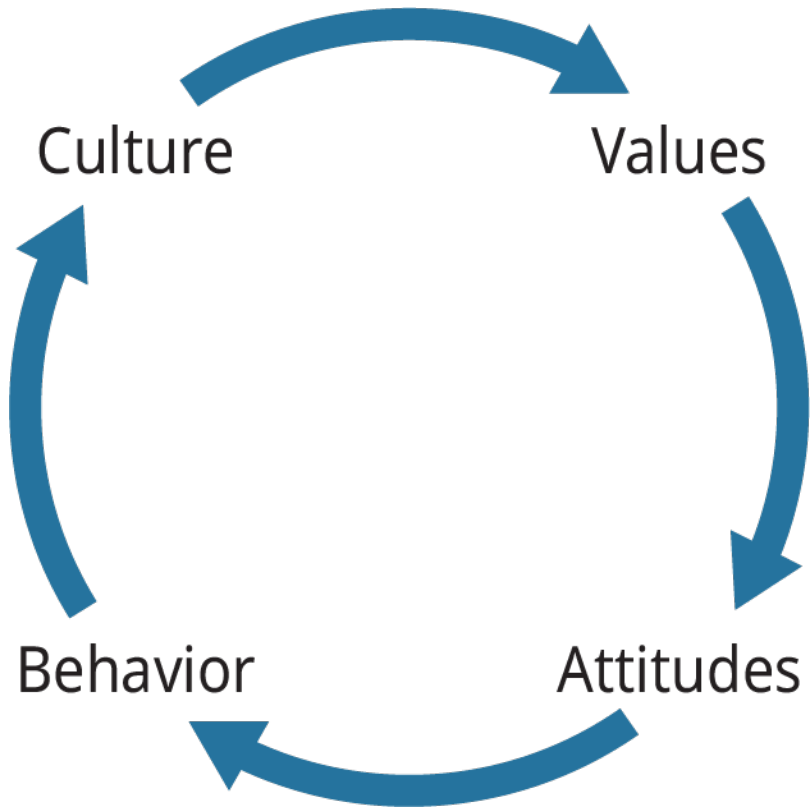
The concept of culture represents an easy way to

understand a people, albeit on a superficial level. Thus, we refer to the Chinese culture or the American culture. This is not to say that every member within a culture behaves in exactly the same way. On the contrary, every culture has diversity, but members of a certain culture tend to exhibit similar behavioral patterns that reflect where and how they grew up. A knowledge of a culture's patterns should help us deal with its members.

Culture affects the workplace because it affects what we do and how we behave. As shown in [\[link\]](#), cultural variations influence our values, which in turn affect attitudes and, ultimately, behaviors. For instance, a culture that is characterized by hard work (e.g., the Korean culture discussed above) would exhibit a value or ethic of hard work. This work ethic would be reflected in positive attitudes toward work and the workplace; people would feel that hard work is satisfying and beneficial—they might feel committed to their employer and they might feel shame if they do not work long hours. This, in turn, would lead to actual high levels of work. This behavior, then, would serve to reinforce the culture and its value, and so on.

### **Relationship of Culture to Values, Attitudes, and Behavior**

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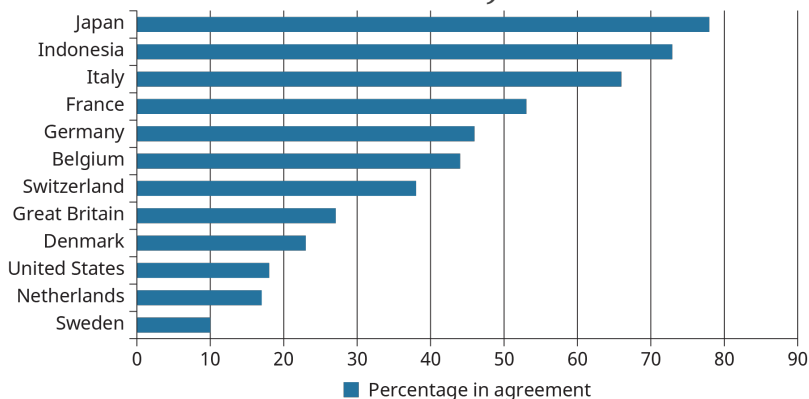


To see how this works, consider the results of a survey of managerial behavior by French researcher Andre Laurent. [A. Laurent, “The Cultural Diversity of Western Conceptions of Management,” \*International Studies of Management and Organization\*, XII, 1–2, Spring-Summer 1983, pp. 75–96.](#) He asked managers how important it was for managers to have precise answers when asked a question by subordinates. The results, shown in [\[link\]](#), clearly show how culture can influence very specific managerial behavior. In some countries, it is imperative for the manager to “know” the answer

(even when she really doesn't), whereas in other countries it made little difference. Thus, if we want to understand why someone does something in the workplace, at least part of the behavior may be influenced by her cultural background.

## Appropriate Managerial Behavior in Different Countries

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## Dimensions of Culture

There are several ways to distinguish different cultures from one another. Kluckhohn and Strodtbeck have identified six dimensions that are helpful in understanding such differences.

[F. Kluckhohn and F. Strodtbeck, \*Variations in Value Orientations\* \(Evanston, Ill.: Row, Peterson, 1961\).](#)

These are as follows:

1. *How people view humanity.* Are people basically

good, or are they evil? Can most people be trusted or not? Are most people honest? What is the true nature of humankind?

2. *How people see nature.* What is the proper relationship between people and the environment? Should people be in harmony with nature, or should they attempt to control or harness nature?
3. *How people approach interpersonal relationships.* Should one stress individualism or membership in a group? Is the person more or less important than the group? What is the “pecking order” in a society? Is it based on seniority or on wealth and power?
4. *How people view activity and achievement.* Which is a more worthy goal: activity (getting somewhere) or simply being (staying where one is)?
5. *How people view time.* Should one focus on the past, the present, or the future? Some cultures are said to be living in the past, whereas others are looking to the future.
6. *How people view space.* How should physical space be used in our lives? Should we live communally or separately? Should important people be physically separated from others? Should important meetings be held privately or in public?

To see how this works, examine [\[link\]](#), which differentiates four countries (Mexico, Germany,

Japan, and the United States) along these six dimensions. Although the actual place of each country on these scales may be argued, the exhibit does serve to highlight several trends that managers should be aware of as they approach their work. For example, although managers in all four countries may share similar views on the nature of people (good versus bad), significant differences are noted on such dimensions as people's relation to nature and interpersonal relations. This, in turn, can affect how managers in these countries approach contract negotiations, the acquisition of new technologies, and the management of employees.

### **Japanese train station**

Kluckhohn and Strodtbeck identified six dimensions that are helpful in understanding such differences. Japan is a populous country that requires workers to take public transportation to and from work. *How does the Japanese geography affect Japanese culture?* (Credit: elminium/ flickr/ Attribution 2.0 Generic (CC BY 2.0))



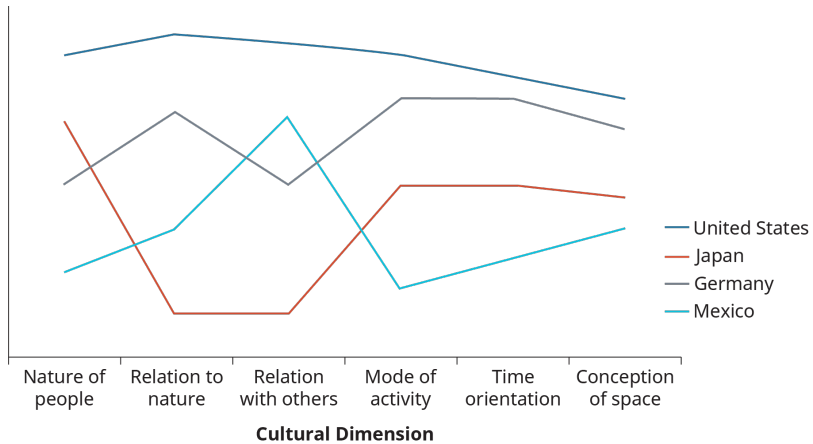


Dimensions such as these help us frame any discussion about how people differ. We can say, for example, that most Americans are individualistic, activity-oriented, and present/future-oriented. We can further say that they value privacy and want to control their environment. In another culture, perhaps the mode is past-oriented, reflective, group-oriented, and unconcerned with achievement. In Japan we hear that “the nail that sticks out gets hammered down”—a comment reflecting a belief in homogeneity within the culture and the importance of the group. In the United States, by contrast, we hear “Look out for Number One” and “A man’s home is his castle”—comments reflecting a belief in the supremacy of the individual over the group. Neither culture is “right” or “better.” Instead, each culture must be recognized as a force within

individuals that motivates their behaviors within the workplace. However, even within the U.S. workforce, we must keep in mind that there are subcultures that can influence behavior. For example, recent work has shown that the Hispanic culture within the United States places a high value on groups compared to individuals and as a consequence takes a more collective approach to decision-making. T. Cox, et al., “Effects of Ethnic Group Cultural Differences on Cooperative and Competitive Behavior on a Group Task,” *Academy of Management J.*, 34, pp. 827–847; and S. Gruman, cited in N. Adler, *International Dimensions of Organizational Behavior* (Boston: PWS/Kent, 1986), pp. 13–14. As we progress through this discussion, we shall continually build upon these differences as we attempt to understand behavior in the workplace.

### **Cultural Differences among Managers in Four Countries**

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1. What role do managers play to ensure that the culture of individuals are valued and appreciated and contribute to a successful work environment?

1. How do you manage and do business with people from different cultures?

Culture refers to the collective mental programming of a group or people that distinguishes them from others. Culture (1) is shared by the members of the group, (2) is passed on from older members to younger members, and (3) shapes our view of the world. Six dimensions of culture can be identified:

(1) how people see themselves, (2) how people see nature, (3) how people approach interpersonal relationships, (4) how people view activity and achievement, (5) how people view time, and (6) how people view space.

## Chapter Review Questions

1. Why is it important for managers to understand individual differences at work?
2. Which employee abilities seem to be most important in determining job performance? Explain.
3. Define *personality*. Which personality traits are most relevant to understanding organizational behavior? Why?
4. Explain how the concept of *locus of control* works. Provide an example.
5. Describe the basic incongruity thesis. Do you agree with this thesis? Under what circumstances might the thesis be most likely to be true? Least likely to be true? Explain.
6. Why is it important for managers to understand ethical standards in the workplace? How do ethics affect our behavior at work?
7. How should managers handle the “gray zones” that are common to ethical dilemmas in organizations? Explain.
8. Define *culture*. How do culture and cultural variations affect work behavior and job

performance? Provide examples to show why a knowledge of such differences is important for managers.

## Managerial Skills Application Exercises

### 1. What Is Your Locus of Control?

*Instructions:* This instrument lists several pairs of statements concerning the possible causes of behavior. For each pair, select the letter (*A* or *B*) that better describes your own beliefs. Remember: there are no right or wrong answers. To view the scoring key, go to [Appendix B](#).

1.
  1. In the long run, the bad things that happen to us are balanced by the good ones.
  2. Most misfortunes are the result of lack of ability, ignorance, laziness, or all three.
2.
  1. I have often found that what is going to happen will happen.
  2. Trusting to fate has never turned out as well for me as making a decision to take a definite course of action.
3.
  1. Many of the unhappy things in people's lives are partly due to bad luck.

2. People's misfortunes result from the mistakes they make.
4.
  1. Without the right breaks, one cannot be an effective leader.
  2. Capable people who fail to become leaders have not taken advantage of their opportunities.
5.
  1. Many times, I feel I have little influence over the things that happen to me.
  2. It is impossible for me to believe that chance or luck plays an important role in my life.
6.
  1. Most people don't realize the extent to which their lives are controlled by accidental happenings.
  2. There really is no such thing as "luck."
7.
  1. Unfortunately, an individual's worth often passes unrecognized no matter how hard she tries.
  2. In the long run, people get the respect they deserve.

*Source:* Adapted from Julian B. Rotter, "Generalized Expectancies for Internal Versus External Control of Reinforcement." *Psychological Monographs*, 80 (Whole No. 609, 1966), pp. 11–12.

1. Which Values Are Most Important to You?

*Instructions:* People are influenced by a wide variety of personal values. In fact, it has been argued that values represent a major influence on how we process information, how we feel about issues, and how we behave. In this exercise, you are given an opportunity to consider your own personal values. Below are listed two sets of statements. The first list presents several instrumental values, while the second list presents several terminal values. For each list you are asked to rank the statements according to how important each is to you personally. In the list of instrumental values, place a “1” next to the value that is most important to you, a “2” next to the second most important, and so forth. Clearly, you will have to make some difficult decisions concerning your priorities. When you have completed the list for instrumental values, follow the same procedure for the terminal values. Please remember that this is not a test—there are no right or wrong answers—so be completely honest with yourself. To view the scoring key, go to [Appendix B](#).

### Instrumental Values

- \_\_\_ Assertiveness; standing up for yourself
- \_\_\_ Being helpful or caring toward others
- \_\_\_ Dependability; being counted upon by others
- \_\_\_ Education and intellectual pursuits
- \_\_\_ Hard work and achievement

- \_\_\_ Obedience; following the wishes of others
- \_\_\_ Open-mindedness; receptivity to new ideas
- \_\_\_ Self-sufficiency; independence
- \_\_\_ Truthfulness; honesty
- \_\_\_ Being well-mannered and courteous toward others

## Terminal Values

- \_\_\_ Happiness; satisfaction in life
- \_\_\_ Knowledge and wisdom
- \_\_\_ Peace and harmony in the world
- \_\_\_ Pride in accomplishment
- \_\_\_ Prosperity; wealth
- \_\_\_ Lasting friendships
- \_\_\_ Recognition from peers
- \_\_\_ Salvation; finding eternal life
- \_\_\_ Security; freedom from threat
- \_\_\_ Self-esteem; self-respect

## Managerial Decision Exercises

1. You work for a large multinational corporation with offices around the globe. One of your colleagues has been offered an assignment overseas to either the Japanese, South Korean, or German offices for a long-term assignment (three to seven years). She has asked your advice on the opportunity because she is concerned about the failure some others have encountered. Often, they want to return home



before their assignment is complete, or they decide to quit. She is also concerned about building relationships as a manager with the local employees. Your friend is very skilled technically and you know that she could be successful in the positions being offered. You wonder whether her apprehension has to do with her personality, and whether that might have an impact on her success for this role.

1. Identify the personality traits you think might be relevant to being successful in a global assignment in either Japan, South Korea, or Germany.
  2. Develop a personality test aimed at measuring these dimensions.
  3. Do you think that your friend will fill out this questionnaire honestly? If not, how would you ensure that the results you get would be honest and truly reflect her personality?
  4. How would you validate such a test? Describe the steps you would take.
- 
2. It's your final semester in college and you're going through several interviews with recruiters on campus. Among the opportunities that you are interviewing for is an entry-level position as a data analyst with a large accounting firm. You have been told during the initial interview that the firm uses a personality

assessment as part of their selection process. You feel that this job requires someone who is very high in introversion since it involves a lot of individual work involving analysis of data on the one hand, but that in potential future roles on an audit team, one would need a high level of extroversion dealing with colleagues on the team and with clients. You have a high level of technical ability and can concentrate on tasks for long periods and also feel that you are sociable, but perhaps not as much as some other students in other disciplines. The opportunity is terrific, it is a great stepping-stone to career advancement, and your faculty adviser is very supportive. Refer to the personality test in the Managerial Skills Application Exercises question 2 as an example of the personality test that will be given. How are you going to respond when completing the personality test? Are you going to answer the questions truthfully?

1. What are the advantages and disadvantages of completing the questions honestly?
2. What are the advantages and disadvantages of completing the questions in a way you think the company is looking for?

# Critical Thinking Case

## Making a Diverse Workplace the Top Priority

Johnson & Johnson is a leader in multinational medical devices as well as pharmaceutical and consumer packaged goods. Founded in 1886, the company has been through generations of cultural differences and is consistently listed among the Fortune 500. Johnson & Johnson is a household name for millions with many of their products lining the shelves of medicine cabinets around the globe. In 2017, Johnson & Johnson took the number two spot on the Thomson Reuters Diversity & Inclusion Index.

At such a multinational company, with over 130,000 employees worldwide, the forefront of the focus on their internal workforce is diversity. At the forefront of their mission statement, this is clearly stated: “Make diversity and inclusion how we work every day.” Having a mission statement is wonderful, but how does Johnson & Johnson live up to these standards day in and day out?

Chief Diversity & Inclusion Officer Wanda Bryant Hope works tirelessly to inject the company with the very founding principles that built the company 130 years ago. She is one of 46 percent of employees worldwide that are women, and is delivering solutions that serve all of the patients and

companies that work with Johnson & Johnson.

One initiative that sets Johnson & Johnson apart in the diversity category is their programs and initiatives such as the Scientist Mentoring and Diversity Program (SMDP), which is a yearlong mentorship program pairing ethnically diverse students with industry leaders.

Additionally, the company commits to alignment with Human Rights Campaign Equality Index benchmarks, as well as supporting the armed forces and wounded soldiers. These benefits include transgender-inclusive health insurance coverage and paid time off after military leave for soldiers to acclimate back to life at home.

These commitments make Johnson & Johnson one of the best cases for a company that is making great strides in a tough cultural climate to bridge the gaps and make all of their employees, customers, and clients feel included and a part of the bigger whole.

### **Questions:**

1. What diversity challenges do you think Johnson & Johnson management and employees face due to their presence as worldwide organization?
2. What other considerations should the company take in order to increase their impact of diversity and inclusion in the workplace?

3. Johnson & Johnson prides themselves on bridging the gender equality gap. What are some challenges or concerns to consider in the future with their hiring practices?

Sources: Johnson & Johnson website accessed August 1, 2018, <https://www.jnj.com/about-jnj/diversity>; Johnson & Johnson website accessed August 1, 2018, <http://www.careers.jnj.com/careers/what-makes-johnson-johnson-a-global-leader-in-diversity-inclusion>.

## **Glossary**

### **Culture**

The collective programming of the mind that distinguishes the members of one human group from another; the interactive aggregate of common characteristics that influences a human group's response to its environment.

## Introduction

class = "introduction" (Credit: Quinn Dombroski/  
flickr/ Attribution-ShareAlike 2.0 Generic (CC BY-  
SA 2.0)



## Learning Outcomes

**After reading this chapter, you should be able to answer these questions:**

1. How do differences in perception affect employee behavior and performance?
2. How can managers and organizations minimize the negative impact of stereotypes and other barriers to accurate social perception in interpersonal relations?
3. How do people attribute credit and blame for organizational events?
4. How can a work environment characterized by positive work attitudes be created and maintained?
5. How can managers and organizations develop a

committed workforce?

### Personal Perceptions Affect Workplace Harmony

Conflict was a feeling that James and Chaz were familiar with in their workplace. It was just a matter of time before their differences bubbled up to form a real hardship on themselves as well as their management teams.

Chaz is anxious to get ahead, really focused on how fast he can accelerate his career. In order to showcase his tenacity, he stays extra hours and often takes on extra assignments from upper management and doesn't seem to mind. James, on the other hand, is content in his position and believes that if he does his regular job, he will be seen as a stable part of the team and will be rewarded for his everyday efforts. James views Chaz's behavior as "kissing up" and resents Chaz for his extra efforts because it may make his own work look bad. James doesn't give a thought to the personal reasons why Chaz may be acting that way, and instead ends up treating Chaz poorly, with a short temper every time they have to work together.

Chaz talks to his manager, Jerry, about the way that he is being treated by James. He explains that he has been having some personal troubles at home, his wife is expecting, and they are trying to save for the new addition to their family. Chaz is

feeling pressure to work hard and showcase his talents in order to get a raise. He also expresses his feelings against James, mainly that he shouldn't be scrutinized for going above and beyond when his colleagues may just decide to do the minimum requirements. Jerry understands, and he appreciates Chaz coming to him with his concerns. They talk about ways to measure Chaz's extra efforts and plan a conversation during their annual review period to discuss his raise again. Jerry also suggests that Chaz talk with James to alleviate some of the negative behavior he is experiencing. He feels that if James understood the reasons behind Chaz's actions, he may be less jealous and feel less threatened by him.

### **Questions:**

1. How can an individual's perceptions be a challenge in the workplace?
2. What can James do in the future to address Chaz in a different manner and better understand his actions?
3. What do you think Jerry could have done differently to help his employees overcome their differences and work more efficiently together?



## The Perceptual Process

1. How do differences in perception affect employee behavior and performance?

By **perception**, we mean the process by which one screens, selects, organizes, and interprets stimuli to give them meaning. [M. W. Levine and J. M. Shefner, \*Fundamentals of Selection and Perception\* \(Reading, Mass.: Addison-Wesley, 1981\)](#). It is a process of making sense out of the environment in order to make an appropriate behavioral response. Perception does not necessarily lead to an accurate portrait of the environment, but rather to a unique portrait, influenced by the needs, desires, values, and disposition of the perceiver. As described by Kretch and associates, [D. Kretch, R. S. Crutchfield, and E. L. Ballachey, \*Individual in Society\* \(New York: McGraw-Hill, 1962\)](#), an individual's perception of a given situation is not a photographic representation of the physical world; it is a partial, personal construction in which certain objects, selected by the individual for a major role, are perceived in an individual manner. Every perceiver is, as it were, to some degree a nonrepresentational artist, painting a picture of the world that expresses an individual view of reality.

The multitude of objects that vie for attention are first selected or screened by individuals. This process is called **perceptual selectivity**. Certain of

these objects catch our attention, while others do not. Once individuals notice a particular object, they then attempt to make sense out of it by organizing or categorizing it according to their unique frame of reference and their needs. This second process is termed **perceptual organization**. When meaning has been attached to an object, individuals are in a position to determine an appropriate response or reaction to it. Hence, if we clearly recognize and understand we are in danger from a falling rock or a car, we can quickly move out of the way.

Because of the importance of perceptual selectivity for understanding the perception of work situations, we will examine this concept in some detail before considering the topic of social perception.

## **Perceptual Selectivity: Seeing What We See**

As noted above, **perceptual selectivity** refers to the process by which individuals select objects in the environment for attention. Without this ability to focus on one or a few stimuli instead of the hundreds constantly surrounding us, we would be unable to process all the information necessary to initiate behavior. In essence, perceptual selectivity works as follows (see [\[link\]](#)). The individual is first exposed to an object or stimulus—a loud noise, a new car, a tall building, another person, and so on.

Next, the individual focuses attention on this one object or stimulus, as opposed to others, and concentrates his efforts on understanding or comprehending the stimulus. For example, while conducting a factory tour, two managers came across a piece of machinery. One manager's attention focused on the stopped machine; the other manager focused on the worker who was trying to fix it. Both managers simultaneously asked the worker a question. The first manager asked why the machine was stopped, and the second manager asked if the employee thought that he could fix it. Both managers were presented with the same situation, but they noticed different aspects. This example illustrates that once attention has been directed, individuals are more likely to retain an image of the object or stimulus in their memory and to select an appropriate response to the stimulus. These various influences on selective attention can be divided into external influences and internal (personal) influences (see [\[link\]](#) ).

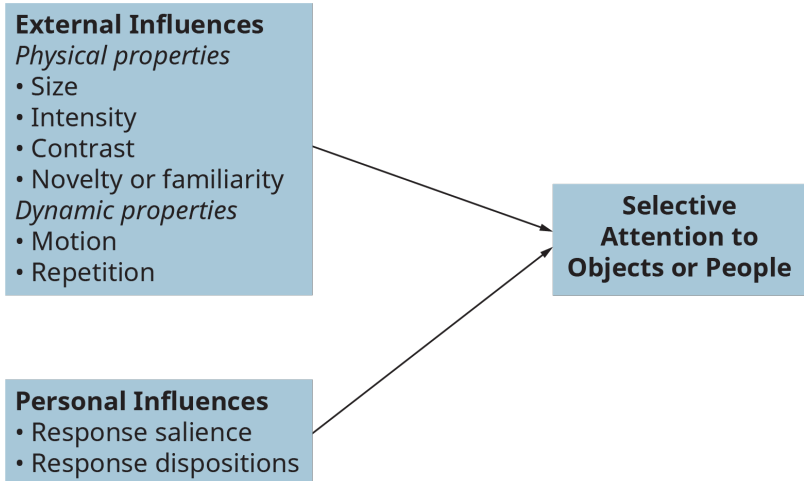
### The Process of Perceptual Selectivity

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### Major Influences on Selective Attention

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## External Influences on Selective Attention

External influences consist of the characteristics of the observed object or person that activate the senses. Most external influences affect selective attention because of either their physical properties or their dynamic properties.

**Physical Properties.** The physical properties of the objects themselves often affect which objects receive attention by the perceiver. Emphasis here is on the unique, different, and out of the ordinary. A particularly important physical property is *size*. Generally, larger objects receive more attention than smaller ones. Advertising companies use the largest signs and billboards allowed to capture the perceiver's attention. However, when most of the surrounding objects are large, a small object against

a field of large objects may receive more attention. In either case, size represents an important variable in perception. Moreover, brighter, louder, and more colorful objects tend to attract more attention than objects of less *intensity*. For example, when a factory foreman yells an order at his subordinates, it will probably receive more notice (although it may not receive the desired response) from workers. It must be remembered here, however, that intensity heightens attention only when compared to other comparable stimuli. If the foreman always yells, employees may stop paying much attention to the yelling. Objects that *contrast* strongly with the background against which they are observed tend to receive more attention than less-contrasting objects. An example of the contrast principle can be seen in the use of plant and highway safety signs. A terse message such as “Danger” is lettered in black against a yellow or orange background. A final physical characteristic that can heighten perceptual awareness is the *novelty* or *unfamiliarity* of the object. Specifically, the unique or unexpected seen in a familiar setting (an executive of a conservative company who comes to work in Bermuda shorts) or the familiar seen in an incongruous setting (someone in church holding a can of beer) will receive attention.

**Dynamic Properties.** The second set of external influences on selective attention are those that either change over time or derive their uniqueness

from the order in which they are presented. The most obvious dynamic property is *motion*. We tend to pay attention to objects that move against a relatively static background. This principle has long been recognized by advertisers, who often use signs with moving lights or moving objects to attract attention. In an organizational setting, a clear example is a rate-buster, who shows up his colleagues by working substantially faster, attracting more attention.

Another principle basic to advertising is *repetition* of a message or image. Work instructions that are repeated tend to be received better, particularly when they concern a dull or boring task on which it is difficult to concentrate. This process is particularly effective in the area of plant safety. Most industrial accidents occur because of careless mistakes during monotonous activities. Repeating safety rules and procedures can often help keep workers alert to the possibilities of accidents.

## **Personal Influences on Selective Attention**

In addition to a variety of external factors, several important personal factors are also capable of influencing the extent to which an individual pays attention to a particular stimulus or object in the environment. The two most important personal

influences on perceptual readiness are **response salience** and **response disposition**.

**Response Salience.** This is a tendency to focus on objects that relate to our *immediate* needs or wants. Response salience in the work environment is easily identified. A worker who is tired from many hours of work may be acutely sensitive to the number of hours or minutes until quitting time. Employees negotiating a new contract may know to the penny the hourly wage of workers doing similar jobs across town. Managers with a high need to achieve may be sensitive to opportunities for work achievement, success, and promotion. Finally, female managers may be more sensitive than many male managers to condescending male attitudes toward women. Response salience, in turn, can distort our view of our surroundings. For example, as Ruch notes:

“Time spent on monotonous work is usually overestimated. Time spent in interesting work is usually underestimated. . . . Judgment of time is related to feelings of success or failure. Subjects who are experiencing failure judge a given interval as longer than do subjects who are experiencing success. A given interval of time is also estimated as longer by subjects trying to get through a task in order to reach a desired goal than by subjects working without such motivation.”[F. L. Ruch, \*Psychology and life\* \(Glenview: Scott, Foresman, 1983\).](#)

**Response Disposition.** Whereas response salience deals with immediate needs and concerns, **response disposition** is the tendency to recognize familiar objects more quickly than unfamiliar ones. The notion of response disposition carries with it a clear recognition of the importance of past learning on what we perceive in the present. For instance, in one study, a group of individuals was presented with a set of playing cards with the colors and symbols reversed—that is, hearts and diamonds were printed in black, and spades and clubs in red. Surprisingly, when subjects were presented with these cards for brief time periods, individuals consistently described the cards as they expected them to be (red hearts and diamonds, black spades and clubs) instead of as they really were. They were predisposed to see things as they always had been in the past. J. S. Bruner and L. Postman, “On the Perception of Incongruity: A Paradigm,” *Journal of Personality*, 1949, 18, pp. 206–223.

Thus, the basic perceptual process is in reality a fairly complicated one. Several factors, including our own personal makeup and the environment, influence how we interpret and respond to the events we focus on. Although the process itself may seem somewhat complicated, it in fact represents a shorthand to guide us in our everyday behavior. That is, without perceptual selectivity we would be immobilized by the millions of stimuli competing for our attention and action. The perceptual process



allows us to focus our attention on the more salient events or objects and, in addition, allows us to categorize such events or objects so that they fit into our own conceptual map of the environment.

### Which Car Would You Buy?

When General Motors teamed up with Toyota to form California-based New United Motor Manufacturing Inc. (NUMMI), they had a great idea. NUMMI would manufacture not only the popular Toyota Corolla but would also make a GM car called the Geo Prizm. Both cars would be essentially identical except for minor styling differences. Economies of scale and high quality would benefit the sales of both cars. Unfortunately, General Motors forgot one thing. The North American consumer holds a higher opinion of Japanese-built cars than American-made ones. As a result, from the start of the joint venture, Corollas have sold rapidly, while sales of Geo Prizms have languished.

With hindsight, it is easy to explain what happened in terms of perceptual differences. That is, the typical consumer simply perceived the Corolla to be of higher quality (and perhaps higher status) and bought accordingly. Not only was the Prizm seen more skeptically by consumers, but General Motors' insistence on a whole new name for the product left many buyers unfamiliar with just what

they were buying. Perception was that main reason for lagging sales; however, the paint job on the Prizm was viewed as being among the worst ever. As a result, General Motors lost \$80 million on the Prizm in its first year of sales. Meanwhile, demand for the Corolla exceeded supply.

The final irony here is that no two cars could be any more alike than the Prizm and the Corolla. They are built on the same assembly line by the same workers to the same design specifications. They are, in fact, the same car. The only difference is in how the consumers perceive the two cars—and these perceptions obviously are radically different.

Over time, however, perceptions did change. While there was nothing unique about the Prizm, the vehicle managed to sell pretty well for the automaker and carried on well into the 2000s. The Prizm was also the base for the Pontiac Vibe, which was based on the Corolla platform as well, and this is one of the few collaborations that worked really well.

Sources: C. Eitreim, “10 Odd Automotive Brand Collaborations (And 15 That Worked),” *Car Culture*, January 19, 2019; R. Hof, “This Team-Up Has It All—Except Sales,” *Business Week*, August 14, 1989, p. 35; C. Eitreim, “15 GM Cars With The Worst Factory Paint Jobs (And 5 That'll Last Forever),” *Motor Hub*, November 8, 2018.

## Social Perception in Organizations

Up to this point, we have focused on an examination of basic perceptual processes—how we see objects or attend to stimuli. Based on this discussion, we are now ready to examine a special case of the perceptual process—**social perception** as it relates to the workplace. Social perception consists of those processes by which we perceive other people. [S. T. Fiske and S. E. Taylor, \*Social Cognition\* \(Reading, Mass.: Addison-Wesley, 1984\)](#). Particular emphasis in the study of social perception is placed on how we interpret other people, how we categorize them, and how we form impressions of them.

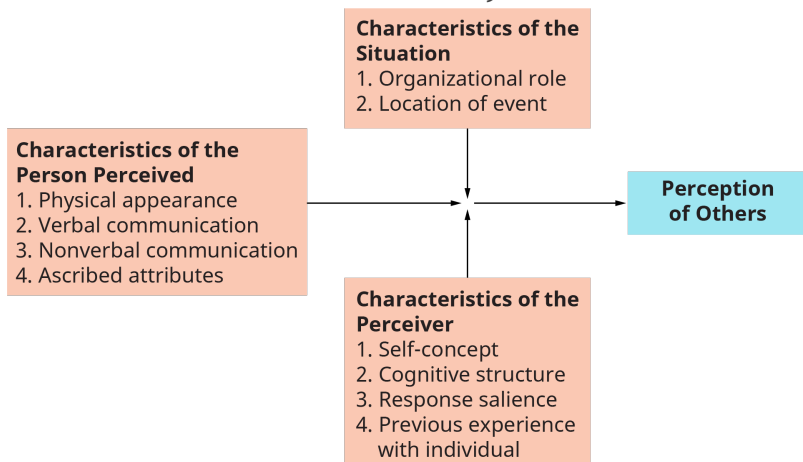
Clearly, social perception is far more complex than the perception of inanimate objects such as tables, chairs, signs, and buildings. This is true for at least two reasons. First, people are obviously far more complex and dynamic than tables and chairs. More-careful attention must be paid in perceiving them so as not to miss important details. Second, an accurate perception of others is usually far more important to us personally than are our perceptions of inanimate objects. The consequences of misperceiving people are great. Failure to accurately perceive the location of a desk in a large room may mean we bump into it by mistake. Failure to perceive accurately the hierarchical status of someone and how the person

cares about this status difference might lead you to inappropriately address the person by their first name or use slang in their presence and thereby significantly hurt your chances for promotion if that person is involved in such decisions. Consequently, social perception in the work situation deserves special attention.

We will concentrate now on the three major influences on social perception: the characteristics of (1) the person being perceived, (2) the particular situation, and (3) the perceiver. When taken together, these influences are the dimensions of the environment in which we view other people. It is important for students of management to understand the way in which they interact (see [\[link\]](#) ).

### Major Influences on Social Perception in Organizations

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The way in which we are evaluated in social situations is greatly influenced by our own unique sets of personal characteristics. That is, our dress, talk, and gestures determine the kind of impressions people form of us. In particular, four categories of personal characteristics can be identified: (1) physical appearance, (2) verbal communication, (3) nonverbal communication, and (4) ascribed attributes.

**Physical Appearance.** A variety of physical attributes influence our overall image. These include many of the obvious demographic characteristics such as age, sex, race, height, and weight. A study by Mason found that most people agree on the physical attributes of a leader (i.e., what leaders *should* look like), even though these attributes were not found to be consistently held by actual leaders. However, when we see a person who appears to be assertive, goal-oriented, confident, and articulate, we infer that this person is a natural leader. [D. J. Mason, “Judgements of Leadership Based on Physiognomic Cues,” \*Journal of Abnormal and Social Psychology\*, 1957, 54, pp. 273–274.](#) Another example of the powerful influence of physical appearance on perception is clothing. People dressed in business suits are generally thought to be professionals, whereas people dressed in work clothes are assumed to be lower-level employees.

**Verbal and Nonverbal Communication.** What we

say to others—as well as how we say it—can influence the impressions others form of us. Several aspects of verbal communication can be noted. First, the *precision* with which one uses language can influence impressions about cultural sophistication or education. An *accent* provides clues about a person's geographic and social background. The *tone of voice* used provides clues about a speaker's state of mind. Finally, the *topics* people choose to converse about provide clues about them.

Impressions are also influenced by nonverbal communication—how people behave. For instance, facial expressions often serve as clues in forming impressions of others. People who consistently smile are often thought to have positive attitudes. P. F. Secord, “The Role of Facial Features in Interpersonal Perception,” in R. Tagiuri and L. Petrullo, eds., *Person Perception and Interpersonal Behavior* (Palo Alto: Stanford University Press, 1958), pp. 300–315. A whole field of study that has recently emerged is **body language**, the way in which people express their inner feelings subconsciously through physical actions: sitting up straight versus being relaxed, looking people straight in the eye versus looking away from people. These forms of expressive behavior provide information to the perceiver concerning how approachable others are, how self-confident they are, or how sociable they are.

**Ascribed Attributes.** Finally, we often ascribe

certain attributes to a person before or at the beginning of an encounter; these attributes can influence how we perceive that person. Three ascribed attributes are status, occupation, and personal characteristics. We ascribe *status* to someone when we are told that he or she is an executive, holds the greatest sales record, or has in some way achieved unusual fame or wealth. Research has consistently shown that people attribute different motives to people they believe to be high or low in status, even when these people behave in an identical fashion. [J. W. Thibaut and H. W. Riecker, "Authoritarianism, Status, and the Communication of Aggression," \*Human Relations\*, 1955, 8, pp. 95–120.](#) For instance, high-status people are seen as having greater control over their behavior and as being more self-confident and competent; they are given greater influence in group decisions than low-status people. Moreover, high-status people are generally better liked than low-status people. *Occupations* also play an important part in how we perceive people. Describing people as salespersons, accountants, teamsters, or research scientists conjures up distinct pictures of these various people before any firsthand encounters. In fact, these pictures may even determine whether there can be an encounter.

## Characteristics of the Situation

The second major influence on how we perceive others is the situation in which the perceptual process occurs. Two situational influences can be identified: (1) the organization and the employee's place in it, and (2) the location of the event.

**Organizational Role.** An employee's place in the organizational hierarchy can also influence his perceptions. A classic study of managers by Dearborn and Simon emphasizes this point. In this study, executives from various departments (accounting, sales, production) were asked to read a detailed and factual case about a steel company. [D. C. Dearborn and H. A. Simon, "Selective Perception: A Note on Departmental Identification of Executives," \*Sociometry\*, 1958, 21, p. 142.](#) Next, each executive was asked to identify the major problem a new president of the company should address. The findings showed clearly that the executives' perceptions of the most important problems in the company were influenced by the departments in which they worked. Sales executives saw sales as the biggest problem, whereas production executives cited production issues. Industrial relations and public relations executives identified human relations as the primary problem in need of attention.

In addition to perceptual differences emerging horizontally across departments, such differences can also be found when we move vertically up or



down the hierarchy. The most obvious difference here is seen between managers and unions, where the former see profits, production, and sales as vital areas of concern for the company whereas the latter place much greater emphasis on wages, working conditions, and job security. Indeed, our views of managers and workers are clearly influenced by the group to which we belong. The positions we occupy in organizations can easily color how we view our work world and those in it. Consider the results of a classic study of perceptual differences between superiors and subordinates. [R. Likert, \*New Patterns of Management\* \(New York: McGraw-Hill, 1961\)](#). Both groups were asked how often the supervisor gave various forms of feedback to the employees. The results, shown in [\[link\]](#), demonstrate striking differences based on one's location in the organizational hierarchy.

**Differences in  
Perception  
between  
Supervisors and  
Subordinates**

**Frequency with  
Which  
Supervisors**

## Give Various Types of Recognition for Good

Types of Recognition	Performance As Seen by Supervisors	As Seen by Subordinates
Source: Adapted from R. Likert, New Patterns in Management (New York: McGraw Hill, 1961), p. 91.		
Gives privileges	52%	14%
Gives more responsibility	48	10
Gives a pat on the back	82	13
Gives sincere and thorough praise	80	14
Trains for better jobs	64	9
Gives more interesting work	51	5

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**Location of Event.** Finally, how we interpret events

is also influenced by where the event occurs. Behaviors that may be appropriate at home, such as taking off one's shoes, may be inappropriate in the office. Acceptable customs vary from country to country. For instance, assertiveness may be a desirable trait for a sales representative in the United States, but it may be seen as being brash or coarse in Japan or China. Hence, the context in which the perceptual activity takes place is important.

## Characteristics of the Perceiver

The third major influence on social perception is the personality and viewpoint of the perceiver. Several characteristics unique to our personalities can affect how we see others. These include (1) self-concept, (2) cognitive structure, (3) response salience, and (4) previous experience with the individual. [Levine and Shefner, op. cit.](#)

**Self-Concept.** Our self-concept represents a major influence on how we perceive others. This influence is manifested in several ways. First, when we understand ourselves (i.e., can accurately describe our own personal characteristics), we are better able to perceive others accurately. Second, when we accept ourselves (i.e., have a positive self-image), we are more likely to see favorable characteristics in others. Studies have shown that if we accept

ourselves as we are, we broaden our view of others and are more likely to view people uncritically. Conversely, less secure people often find faults in others. Third, our own personal characteristics influence the characteristics we notice in others. For instance, people with authoritarian tendencies tend to view others in terms of power, whereas secure people tend to see others as warm rather than cold.[Ibid.](#) From a management standpoint, these findings emphasize how important it is for administrators to understand themselves; they also provide justification for the human relations training programs that are popular in many organizations today.

**Cognitive Structure.** Our cognitive structures also influence how we view people. People describe each other differently. Some use physical characteristics such as tall or short, whereas others use central descriptions such as deceitful, forceful, or meek. Still others have more complex cognitive structures and use multiple traits in their descriptions of others; hence, a person may be described as being aggressive, honest, friendly, *and* hardworking. (See the discussion in [Individual and Cultural Differences](#) on cognitive complexity.) Ostensibly, the greater our cognitive complexity—our ability to differentiate between people using multiple criteria—the more accurate our perception of others. People who tend to make more complex assessments of others also tend to be more positive in their appraisals.[K. J.](#)

Frauenfelder, “A Cognitive Determinant of Favorability of Impression,” *Journal of Social Psychology*, 1974, 94, pp. 71–81. Research in this area highlights the importance of selecting managers who exhibit high degrees of cognitive complexity. These individuals should form more accurate perceptions of the strengths and weaknesses of their subordinates and should be able to capitalize on their strengths while ignoring or working to overcome their weaknesses.

**Response Salience.** This refers to our sensitivity to objects in the environment as influenced by our particular needs or desires. Response salience can play an important role in social perception because we tend to see what we *want* to see. A company personnel manager who has a bias against women, minorities, or handicapped persons would tend to be adversely sensitive to them during an employment interview. This focus may cause the manager to look for other potentially negative traits in the candidate to confirm his biases. The influence of positive arbitrary biases is called the **halo effect**, whereas the influence of negative biases is often called the *horn effect*. Another personnel manager without these biases would be much less inclined to be influenced by these characteristics when viewing prospective job candidates.

**Previous Experience with the Individual.** Our previous experiences with others often will

influence the way in which we view their current behavior. When an employee has consistently received poor performance evaluations, a marked improvement in performance may go unnoticed because the supervisor continues to think of the individual as a poor performer. Similarly, employees who begin their careers with several successes develop a reputation as fast-track individuals and may continue to rise in the organization long after their performance has leveled off or even declined. The impact of previous experience on present perceptions should be respected and studied by students of management. For instance, when a previously poor performer earnestly tries to perform better, it is important for this improvement to be recognized early and properly rewarded. Otherwise, employees may give up, feeling that nothing they do will make any difference.

Together, these factors determine the impressions we form of others (see [\[link\]](#)). With these impressions, we make conscious and unconscious decisions about how we intend to behave toward people. Our behavior toward others, in turn, influences the way they regard us. Consequently, the importance of understanding the perceptual process, as well as factors that contribute to it, is apparent for managers. A better understanding of ourselves and careful attention to others leads to more accurate perceptions and more appropriate actions.

1. How can you understand what makes up an individual's personality?
2. How does the content of the situation affect the perception of the perceiver?
3. What are the characteristics that the perceiver can have on interpreting personality?

1. How do differences in perception affect employee behavior and performance?

One of the key determinants of people's behavior in organizations is how they see and interpret situations and people around them. It is vital for anyone (manager or subordinate) who desires to be more effective to understand the critical aspects of context, object, and perceiver that influence perceptions and interpretations and the relationship between these and subsequent attitudes, intentions, and behaviors. This understanding will not only facilitate the ability to correctly understand and anticipate behaviors, but it will also enhance the ability to change or influence that behavior.

Perception is the process by which individuals screen, select, organize, and interpret stimuli in order to give them meaning. Perceptual selectivity is the process by which individuals select certain stimuli for attention instead of others. Selective

attention is influenced by both external factors (e.g., physical or dynamic properties of the object) and personal factors (e.g., response salience). Social perception is the process by which we perceive other people. It is influenced by the characteristics of the person perceived, the perceiver, and the situation.

## **Glossary**

### **Body language**

The manner in which people express their inner feelings subconsciously through physical actions such as sitting up straight versus being relaxed or looking people straight in the eye versus looking away from people.

### **Halo effect**

The influence of positive arbitrary biases.

### **Perception**

The process by which one screens, selects, organizes, and interprets stimuli to give them meaning.

### **Perceptual organization**

When meaning has been attached to an object, individuals are in a position to determine an appropriate response or reaction to it.



### Perceptual selectivity

Refers to the process by which individuals select objects in the environment for attention.

### Response disposition

The tendency to recognize familiar objects more quickly than unfamiliar ones.

### Response salience

The tendency to focus on objects that relate to our *immediate* needs or wants.

### Social perception

Consists of those processes by which we perceive other people.

## Barriers to Accurate Social Perception

1. How can managers and organizations minimize the negative impact of stereotypes and other barriers to accurate social perception in interpersonal relations?

In the perceptual process, several barriers can be identified that inhibit the accuracy of our perception. These barriers are (1) stereotyping, (2) selective perception, and (3) perceptual defense. Each of these will be briefly considered as it relates to social perception in work situations (see [\[link\]](#) ).

Barriers to Accurate Perception of Others	Definition
Barrier Stereotyping	A tendency to assign attributes to people solely on the basis of their class or category
Selective perception	A process by which we systematically screen out or discredit information we don't wish to hear and focus instead on more

Perceptual defense	salient information A tendency to distort or ignore information that is either personally threatening or culturally unacceptable
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## Stereotyping

One of the most common barriers in perceiving others at work is **stereotyping**. A stereotype is a widely held generalization about a group of people. Stereotyping is a process in which attributes are assigned to people solely on the basis of their class or category. It is particularly likely to occur when one meets new people, since very little is known about them at that time. On the basis of a few prominent characteristics such as sex, race, or age, we tend to place people into a few general categories. We ascribe a series of traits to them based upon the attributes of the category in which we have put them. We assume that older people are old-fashioned, conservative, obstinate, and perhaps senile. We view professors as absentminded, impractical, idealistic, or eccentric.

One explanation for the existence of stereotypes has

been suggested by Jain, Triandis, and Weick. R. Jain, H. C. Triandis, and C. W. Weick, *Managing Research, Development and Innovation: Managing the Unmanageable, 3rd Edition* (New York: Wiley, 2010). They argue that stereotypes may be to some extent based upon fact. People tend to compare other groups with their own group, accentuating minor differences between groups to form a stereotype. For example, older people as a group may indeed be more conservative or more old-fashioned. These traits then become emphasized and attributed to particular older individuals.

At least three types of stereotype can be found in organizations: those dealing with age, race, and gender. Age stereotypes can be found throughout organizations. A recent study by C. von Hippel, et al, “Age-based stereotype threat and work outcomes: Stress appraisals and ruminations as mediators,” *Psychology and Aging*, February 2019, pp. 68-84. found that there are still clear stereotypes of older employees. They are thought to be (1) more resistant to organizational change, (2) less creative, (3) less likely to take calculated risks, (4) lower in physical capacity, (5) less interested in learning new techniques, and (6) less capable of learning new techniques. When asked to make personnel decisions concerning older people, the business students generally followed several trends. First, they gave older people lower consideration in promotion decisions. Older people also received less

attention and fewer resources for training and development. Finally, older people tended to be transferred to other departments instead of confronted by their superiors when a problem with their performance emerged.

Similar problems arise for people from different racial or cultural backgrounds and for gender. A particular problem in many companies today is that of attitudes toward women as managers or executives. Although succeeding in a managerial position is always difficult, the job is all the harder if your coworkers, superiors, or subordinates are not supportive.

### To See Ourselves as Others See Us

In considering stereotyping in organizations, it may be interesting to examine how people in different countries and cultures see others around the world. Specifically, we should note that “foreigners” often hold certain stereotypes of what a “typical” American looks and acts like. Look, for example, at [\[link\]](#). This table shows how people in seven countries around the globe view the typical American. Note the sizable differences in perceptions.

## **Foreign Observations of Americans**

The following are quotations from foreign visitors to the United States:

**India:** “Americans seem to be in a perpetual hurry. Just watch the way they walk down the street. They never allow themselves the leisure to enjoy life; there are too many things to do.”

**Kenya:** “Americans appear to us rather distant. They are not really as close to other people—even fellow Americans—as Americans overseas tend to portray. It’s almost as if an American says, ‘I won’t let you get too close to me.’ It’s like building a wall.”

**Turkey:** “Once we were out in a rural area in the middle of nowhere and saw an American come to a stop sign. Though he could see in both directions for miles and no traffic was coming, he still stopped!”

**Colombia:** “The tendency in the United States to think that life is only work hits you in the face. Work seems to be the one type of motivation.”

**Indonesia:** “In the United States everything has to be talked about and analyzed. Even the littlest thing has to be ‘Why, Why, Why?’ I get a headache from such persistent questions.”

**Ethiopia:** “The American is very explicit; he wants a ‘yes’ or ‘no.’ If someone tries to speak figuratively, the American is confused.”

**Iran:** “The first time . . . my [American] professor told me, ‘I don’t know the answer, I will have to look it up,’ I was shocked. I asked myself, ‘Why is

he teaching me?’ In my country a professor would give the wrong answer rather than admit ignorance.”

Source: J. Feig and G. Blair, *There Is a Difference*, 2nd ed. (Washington: Meridian House International). Meridian House International is an organization that conducts intercultural training for visitors to the United States and for Americans going abroad.

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When examining these comments, consider the extent to which you think these perceptions and stereotypes are accurate or inaccurate. Why do people in different countries form such divergent opinions of our country? How do their perceptions color the behavior and effectiveness of American managers working abroad? On the basis of this assessment, you might want to reassess your own stereotypes of people in different countries. How accurate do you think your own stereotypes have been?

## Selective Perception

**Selective perception** is the process by which we systematically screen out information we don't wish to hear, focusing instead on more salient information. Saliency here is obviously a function of our own experiences, needs, and orientations. The example of the Dearborn and Simon [Dearborn and Simon, op. cit.](#) study of managers described earlier provides an excellent glimpse of selective perception. Production managers focused on production problems to the exclusion of other problems. Accountants, personnel specialists, and sales managers were similarly exclusive. Everyone saw his own specialty as more important in the company than other specialties.

Another example of selective perception in groups and organizations is provided by Miner. [J. B. Miner, \*Organizational Behavior 2: Essentials Theories of Process and Structure\* \(Routledge, 2015\).](#) Miner summarizes a series of experiments dealing with groups competing on problem-solving exercises. Consistently, the groups tended to evaluate their own solutions as better than the solutions proposed by others. Such findings resemble a syndrome found in many research organizations. There is a frequent tendency for scientists to view ideas or products originating outside their organization or department as inferior and to judge other researchers as less competent and creative than themselves. This is often referred to as the “Not-Invented-Here” syndrome. Similar patterns of behavior can be found



among managers, service workers, and secretaries.

## Perceptual Defense

A final barrier to social perception is **perceptual defense**. [Levine and Shefner, op. cit.](#) Perceptual defense is founded on three related principles:

1. Emotionally disturbing or threatening stimuli have a higher recognition threshold than neutral stimuli.
2. Such stimuli are likely to elicit substitute perceptions that are radically altered so as to prevent recognition of the presented stimuli.
3. These critical stimuli arouse emotional reactions even though the stimuli are not recognized.

In other words, through perceptual defense we tend to distort or ignore information that is either personally threatening or culturally unacceptable. Because emotionally disturbing stimuli have a higher recognition threshold, people are less likely to fully confront or acknowledge the threat. Instead, they may see entirely different or even erroneous stimuli that are safer. Even so, the presence of the critical stimulus often leads to heightened emotions despite the lack of recognition. For instance, suppose that during a contract negotiation for an assembly plant, word leaked out that because of

declining profits, the plant might have to close down permanently. Anxious workers might ignore this message and instead choose to believe the company management is only starting false rumors to increase their leverage during wage negotiations. Even if the leverage claim is accepted by the workers as truth, strong emotional reactions against the company can be expected.

One effect of perceptual defense is to save us from squarely facing events that we either do not wish to handle or may be incapable of handling. We dissipate our emotions by directing our attention to other (substitute) objects and hope the original event that distressed us will eventually disappear.

Perceptual defense is especially pronounced when people are presented with a situation that contradicts their long-held beliefs and attitudes. In a classic study of perceptual defense among college students, Haire and Grunes presented the students with descriptions of factory workers. Included in these descriptions was the word *intelligent*. Because the word was contrary to the students' beliefs concerning factory workers, they chose to reject the description by using perceptual defenses. [M. Haire and W. Grunes, "Perceptual Defenses: Processes Protecting an Organized Perception of Another's Personality," \*Human Relations\*, 1950, 3, pp. 403–412.](#) Four such defense mechanisms can be identified: [Ibid., p. 409.](#)

1. *Denial*. A few of the subjects denied the existence of intelligence in factory workers.
2. *Modification and distortion*. This was one of the most frequent forms of defense. The pattern was to explain away the perceptual conflict by joining intelligence with some other characteristics—for instance, “He is intelligent but doesn’t possess initiative to rise above his group.”
3. *Change in perception*. Many students changed their perception of the worker because of the intelligence characteristic. Most of the change, however, was very subtle—for example, “cracks jokes” became “witty.”
4. *Recognition, but refusal to change*. A very few students explicitly recognized the conflict between their perception of the worker and the characteristic that was confronting them. For example, one subject stated, “The trait seems to be conflicting . . . most factory workers I have heard about aren’t too intelligent.”

Perceptual defense makes any situation in which conflict is likely to be present more difficult. It creates blind spots, causing us to fail to hear and see events as they really are. The challenge for managers is to reduce or minimize the perception of threat in a situation so these defenses are not immediately called into play. This can be accomplished by reassuring people that things that are important to them will not be tampered with, or

by accentuating the positive.

1. What are the barriers that can inhibit the accuracy of our perception?
2. What are the cultural factors that can influence perception?
3. What is perceptual defense, and what are examples of the mechanisms that can be identified?

1. How can managers and organizations minimize the negative impact of stereotypes and other barriers to accurate social perception in interpersonal relations?

Stereotyping is a tendency to assign attributes to people solely on the basis of their class or category. Selective perception is a process by which we systematically screen or discredit information we don't wish to hear and instead focus on more salient information. Perceptual defense is a tendency to distort or ignore information that is either personally threatening or culturally unacceptable.

## Glossary

## Perceptual defense

A defense that perceives emotionally disturbing or threatening stimuli as having a higher recognition threshold than neutral stimuli. Such stimuli are likely to elicit substitute perceptions that are radically altered so as to prevent recognition of the presented stimuli that arouse emotional reactions even though the stimuli are not recognized.

## Selective perception

The process by which we systematically screen out information we don't wish to hear, focusing instead on more salient information.

## Stereotyping

A tendency to assign attributes to people solely on the basis of their class or category.

## Attributions: Interpreting the Causes of Behavior

### 1. How do people attribute credit and blame for organizational events?

A major influence on how people behave is the way they interpret the events around them. People who feel they have control over what happens to them are more likely to accept responsibility for their actions than those who feel control of events is out of their hands. The cognitive process by which people interpret the reasons or causes for their behavior is described by **attribution theory**. H. H. Kelley, “The Process of Causal Attributions,” *American Psychologist*, February 1973, pp. 107–128; F. Forsterling, “Attributional Retraining: A Review,” *Psychological Bulletin*, November 1985, pp. 495–512; B. Weiner, *Human Motivation* (New York: Holt, Rinehart and Winston, 1980). Specifically, “attribution theory concerns the process by which an individual interprets events as being caused by a particular part of a relatively stable environment.” Kelley, *op. cit.*, p. 193.

Attribution theory is based largely on the work of Fritz Heider. Heider argues that behavior is determined by a combination of internal forces (e.g., abilities or effort) and external forces (e.g., task difficulty or luck). Following the cognitive approach of Lewin and Tolman, he emphasizes that it is *perceived* determinants, rather than actual ones, that

influence behavior. Hence, if employees perceive that their success is a function of their own abilities and efforts, they can be expected to behave differently than they would if they believed job success was due to chance.

## **The Attribution Process**

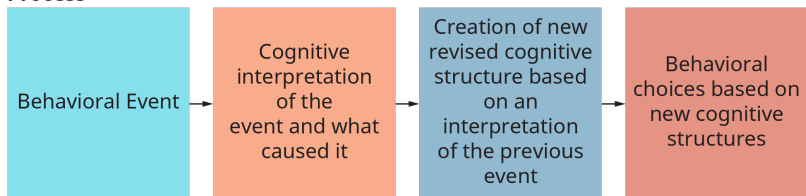
The underlying assumption of attribution theory is that people are motivated to understand their environment and the causes of particular events. If individuals can understand these causes, they will then be in a better position to influence or control the sequence of future events. This process is diagrammed in [\[link\]](#). Specifically, attribution theory suggests that particular behavioral events (e.g., the receipt of a promotion) are analyzed by individuals to determine their causes. This process may lead to the conclusion that the promotion resulted from the individual's own effort or, alternatively, from some other cause, such as luck. Based on such cognitive interpretations of events, individuals revise their cognitive structures and rethink their assumptions about causal relationships. For instance, an individual may infer that performance does indeed lead to promotion. Based on this new structure, the individual makes choices about future behavior. In some cases, the individual may decide to continue exerting high levels of effort in the hope that it will lead to further promotions.

On the other hand, if an individual concludes that the promotion resulted primarily from chance and was largely unrelated to performance, a different cognitive structure might be created, and there might be little reason to continue exerting high levels of effort. In other words, the way in which we perceive and interpret events around us significantly affects our future behaviors.

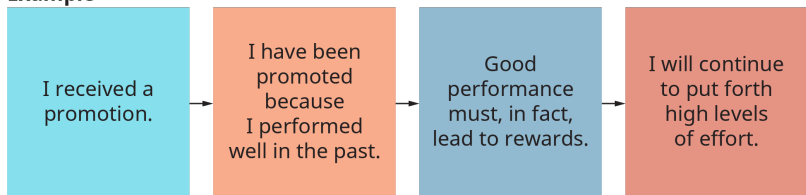
### The General Attribution Process

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#### Process



#### Example



## Internal and External Causes of Behavior

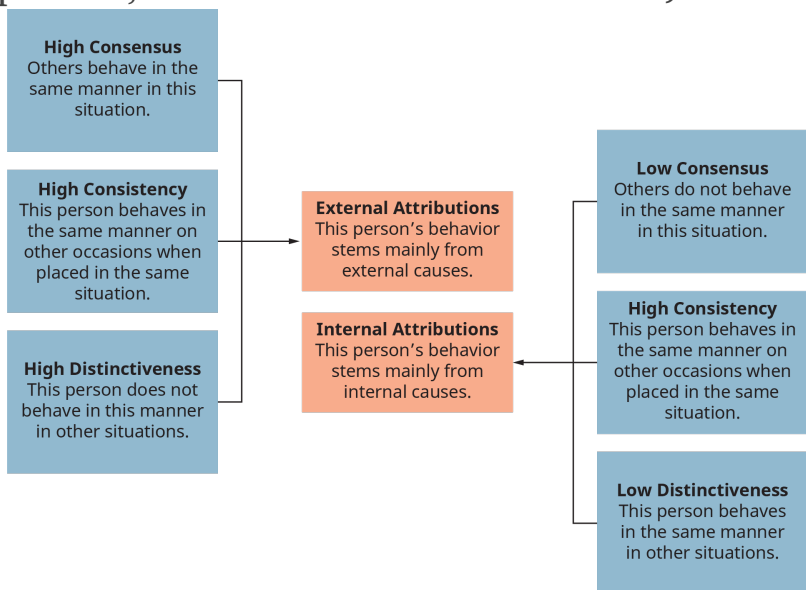
Building upon the work of Heider, Harold Kelley attempted to identify the major antecedents of internal and external attributions.[Ibid.](#) He examined how people determine—or, rather, how they actually perceive—whether the behavior of another person results from internal or external causes.



Internal causes include ability and effort, whereas external causes include luck and task ease or difficulty. [Ibid.](#) Kelley's conclusion, illustrated in [\[link\]](#), is that people actually focus on three factors when making causal attributions:

### Causes of Internal and External Attributions

Adapted from Nyla Branscombe and Robert A. Baron. *Social Psychology*. Fourteenth Edition, 2016, Pearson. (Attribution: Copyright Rice University, OpenStax, under CC BY-NC-SA 4.0 license)



1. **Consensus.** The extent to which you believe that the person being observed is behaving in a manner that is consistent with the behavior of his or her peers. High consensus exists when the person's actions reflect or are similar to the actions of the group; low consensus exists when the person's actions do not.

2. *Consistency*. The extent to which you believe that the person being observed behaves consistently—in a similar fashion—when confronted on other occasions with the same or similar situations. High consistency exists when the person repeatedly acts in the same way when faced with similar stimuli.
3. *Distinctiveness*. The extent to which you believe that the person being observed would behave consistently when faced with different situations. Low distinctiveness exists when the person acts in a similar manner in response to different stimuli; high distinctiveness exists when the person varies his or her response to different situations.

How do these three factors interact to influence whether one's attributions are internal or external? According to the exhibit, under conditions of high consensus, high consistency, and high distinctiveness, we would expect the observer to make external attributions about the causes of behavior. That is, the person would attribute the behavior of the observed (say, winning a golf tournament) to good fortune or some other external event. On the other hand, when consensus is low, consistency is high, and distinctiveness is low, we would expect the observer to attribute the observed behavior (winning the golf tournament) to internal causes (the winner's skill).

In other words, we tend to attribute the reasons behind the success or failure of others to either internal or external causes according to how we interpret the underlying forces associated with the others' behavior. Consider the example of the first female sales manager in a firm to be promoted to an executive rank. How do you explain her promotion—luck and connections or ability and performance? To find out, follow the model. If she, as a sales representative, had sold more than her (male) counterparts (low consensus in behavior), consistently sold the primary product line in different sales territories (high consistency), and was also able to sell different product lines (low distinctiveness), we would more than likely attribute her promotion to her own abilities. On the other hand, if her male counterparts were also good sales representatives (high consensus) and her sales record on secondary products was inconsistent (high distinctiveness), people would probably attribute her promotion to luck or connections, regardless of her sales performance on the primary product line (high consistency).

## Golf

What internal and external attributions can you make about this golfer who is celebrating a hole in one? (Notice the untied shoe.) (Credit: John Fink/flickr/ Attribution 2.0 Generic (CC BY 2.0))



## Attributional Bias

One final point should be made with respect to the attributional process. In making attributions concerning the causes of behavior, people tend to make certain errors of interpretation. Two such errors, or **attribution biases**, should be noted here. The first is called the **fundamental attribution error**. This error is a tendency to *underestimate* the effects of external or situational causes of behavior and to *overestimate* the effects of internal or personal causes. Hence, when a major problem occurs within a certain department, we tend to blame people rather than events or situations.

The second error in attribution processes is generally called the **self-serving bias**. There is a tendency, not surprisingly, for individuals to attribute success on an event or project to their own actions while attributing failure to others. Hence, we often hear sales representatives saying, “*I* made the sale,” but “*They* stole the sale from me” rather than “I lost it.” These two biases in interpreting how we see the events around us help us understand why employees looking at the same event often see substantially different things.

1. What is attribution theory? Describe the attribution process.
2. What are the internal and external causes of attribution?

1. How do people attribute credit and blame for organizational events?

Attribution theory concerns the process by which individuals attempt to make sense of the cause-effect relationships in their life space. Events are seen as being either internally caused (that is, by the individual) or externally caused (that is, by other

factors in the environment). In making causal attributions, people tend to focus on three factors: consensus, consistency, and distinctiveness. The fundamental attribution error is a tendency to underestimate the effects of external or situational causes of behavior and overestimate the effects of personal causes.

The self-serving bias is a tendency for people to attribute success on a project to themselves while attributing failure to others.

## Glossary

### Attribution biases

Covers both the fundamental attribution error and the self-serving bias.

### Attribution theory

Concerns the process by which an individual interprets events as being caused by a particular part of a relatively stable environment.

### Fundamental attribution error

The tendency to *underestimate* the effects of external or situational causes of behavior and to *overestimate* the effects of internal or personal causes.

### Self-serving bias

The tendency for individuals to attribute success on an event or project to their own actions while attributing failure to others.

## Attitudes and Behavior

1. How can a work environment characterized by positive work attitudes be created and maintained?

Closely related to the topic of perception and attribution—indeed, largely influenced by it—is the issue of attitudes. An **attitude** can be defined as a predisposition to respond in a favorable or unfavorable way to objects or persons in one's environment. Based on G. W. Allport, "Attitudes," in C. Murchison, ed., *Handbook of Social Psychology* (Worcester: Clark University Press, 1935). When we like or dislike something, we are, in effect, expressing our attitude toward the person or object.

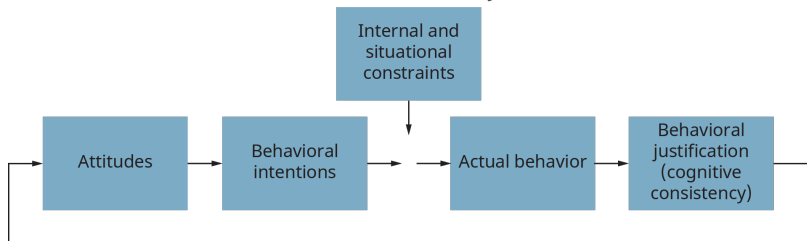
Three important aspects of this definition should be noted. First, an attitude is a hypothetical construct; that is, although its consequences can be observed, the attitude itself cannot. Second, an attitude is a unidimensional concept: An attitude toward a particular person or object ranges on a continuum from very favorable to very unfavorable. We like something or we dislike something (or we are neutral). Something is pleasurable or unpleasurable. In all cases, the attitude can be evaluated along a single evaluative continuum. And third, attitudes are believed to be related to subsequent behavior. We will return to this point later in the discussion.



An attitude can be thought of as composed of three highly interrelated components: (1) a *cognitive* component, dealing with the beliefs and ideas a person has about a person or object; (2) an *affective* component (**affect**), dealing with a person's feelings toward the person or object; and (3) an *intentional* component, dealing with the behavioral intentions a person has with respect to the person or object. [Jain, Triandis, and Weick op. cit.](#)

Now that we know what an attitude is, let us consider how attitudes are formed and how they influence behavior. A general model of the relationship between attitudes and behavior is shown in [\[link\]](#). As can be seen, attitudes lead to behavioral intentions, which, in turn, lead to actual behavior. Following behavior, we can often identify efforts by the individual to justify his behavior. Let us examine each of these components of the model separately, beginning with the process of attitude formation.

**Relationship between Attitudes and Behavior**  
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## How Are Attitudes Formed?

There is considerable disagreement about this question. One view offered by psychologist Barry Staw and others is the **dispositional approach**, B. M. Staw and J. Ross, “Stability in the Midst of Change: A Dispositional Approach to Job Attitudes,” *Journal of Applied Psychology*, 1985, 70, pp. 469–480. which argues that attitudes represent relatively stable predispositions to respond to people or situations around them. That is, attitudes are viewed almost as personality traits. Thus, some people would have a tendency—a predisposition—to be happy on the job, almost regardless of the nature of the work itself. Others may have an internal tendency to be unhappy, again almost regardless of the actual nature of the work. Evidence in support of this approach can be found in a series of studies that found that attitudes change very little among people before and after they make a job change. To the extent that these findings are correct, managers may have little influence over improving job attitudes short of trying to select and hire only those with appropriate dispositions.

A second approach to attitude formation is called the **situational approach**. This approach argues that attitudes emerge as a result of the uniqueness of a given situation. They are situationally determined and can vary in response to changing work conditions. Thus, as a result of experiences at

work (a boring or unrewarding job, a bad supervisor, etc.), people react by developing appropriate attitudes. Several variations on this approach can be identified. Some researchers suggest that attitudes result largely from the nature of the job experience itself. That is, an employee might reason: “I don’t get along well with my supervisor; therefore, I become dissatisfied with my job.” To the extent that this accurately describes how attitudes are formed, it also implies that attitudes can be changed relatively easily. For example, if employees are dissatisfied with their job because of conflicts with supervisors, either changing supervisors or changing the supervisors’ behavior may be viable means of improving employee job attitudes. In other words, if attitudes are largely a function of the situation, then attitudes can be changed by altering the situation.

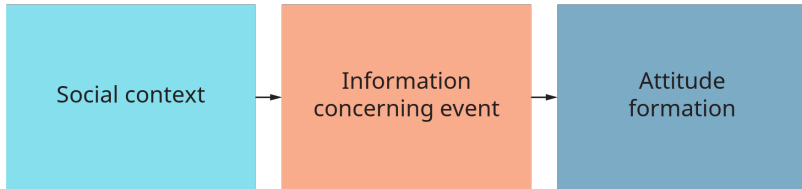
Other advocates of the situational approach suggest a somewhat more complicated process of attitude formation—namely, the **social-information-processing approach**. This view, developed by Pfeffer and Salancik, asserts that attitudes result from “socially constructed realities” as perceived by the individual (see [\[link\]](#)). G. Salancik and J. Pfeffer, “A Social Information Processing Approach to Job Attitudes and Task Design,” *Administrative Science Quarterly*, 1978, 23, pp. 224–253. That is, the social context in which the individual is placed shapes his perceptions of the situation and hence his

attitudes.

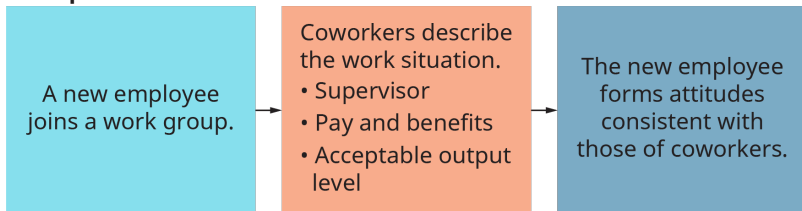
## A Social-Information-Processing View of Attitudes

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### Process



### Example



Here is how it works. Suppose a new employee joins a work group consisting of people who have worked together for some time. The existing group already has opinions and feelings about the fairness of the supervisor, the quality of the workplace, the adequacy of the compensation, and so forth. Upon arriving, the new worker is fed socially acceptable cues from co-workers about acceptable attitudes toward various aspects of the work and company. Thus, due in part to social forces, the new employee begins to form attitudes based on externally provided bits of information from the group instead of objective attributes of the workplace. If the social-information-processing perspective is correct, changing the attitudes of one person will be difficult unless the individual is moved to a different group

of coworkers or unless the attitudes of the current coworkers are changed.

Which approach is correct? In point of fact, research indicates that both the dispositional and the social-information-processing views have merit, and it is probably wise to recognize that socially constructed realities and dispositions interact to form the basis for an individual's attitudes at work. The implication of this combined perspective for changing attitudes is that efforts should not assume that minor alterations in the situation will have significant impacts on individual attitudes, but that systematic efforts focusing on groups and interconnected social systems are likely required for successful changes in attitudes.

## **Behavioral Intentions and Actual Behavior**

Regardless of how the attitudes are formed (either through the dispositional or social-information-processing approach), the next problem we face is understanding how resulting behavioral intentions guide actual behavior (return to [\[link\]](#)). Clearly, this relationship is not a perfect one. Despite one's intentions, various internal and external constraints often serve to modify an intended course of action. Hence, even though you decide to join the union, you may be prevented from doing so for a variety of

reasons. Similarly, a person may have every intention of coming to work but may get the flu. Regardless of intent, other factors that also determine actual behavior often enter the picture.

## Behavioral Justification

Finally, people often feel a need for **behavioral justification** to ensure that their behaviors are consistent with their attitudes toward the event (see [\[link\]](#)). This tendency is called **cognitive consistency**. L. Festinger, *A Theory of Cognitive Dissonance* (Palo Alto: Stanford University Press, 1957). When people find themselves acting in a fashion that is inconsistent with their attitudes—when they experience **cognitive dissonance**—they experience tension and attempt to reduce this tension and return to a state of cognitive consistency.

For example, a manager may hate his job but be required to work long hours. Hence, he is faced with a clear discrepancy between an attitude (dislike of the job) and a behavior (working long hours) and will probably experience cognitive dissonance. In order to become cognitively consistent, he can do one of two things. First, he can change his behavior and work fewer hours. However, this may not be feasible. Alternatively, he can change his attitude toward the job to a more positive one. He may, for

example, convince himself that the job is really not that bad and that working long hours may lead to rapid promotion. In doing so, he achieves a state of cognitive consistency. Failure to do so will more than likely lead to increased stress and withdrawal from the job situation.

1. What is attitude, and how does it impact the work environment?
2. What is behavioral justification?

1. How can a work environment characterized by positive work attitudes be created and maintained?

An attitude can be defined as a predisposition to respond in a favorable or unfavorable way to objects or persons in one's environment. There are two theories concerning the manner in which attitudes are formed. The first, called the dispositional approach, asserts that attitudes are fairly stable tendencies to respond to events in certain ways, much like personality traits. Thus, some people may be happy on almost any job regardless of the nature of the job. The second, called the situational

approach, asserts that attitudes result largely from the particular situation in which the individual finds himself. Thus, some jobs may lead to more favorable attitudes than others. The social-information-processing approach to attitudes is a situational model that suggests that attitudes are strongly influenced by the opinions and assessments of coworkers. Cognitive consistency is a tendency to think and act in a predictable manner. Cognitive dissonance occurs when our actions and our attitudes are in conflict. This dissonance will motivate us to attempt to return to a state of cognitive consistency, where attitudes and behaviors are congruent.

## **Glossary**

### **Affect**

Dealing with a person's feelings toward the person or object.

### **Attitude**

A predisposition to respond in a favorable or unfavorable way to objects or persons in one's environment.

### **Behavioral justification**

The need to ensure that one's behaviors are consistent with their attitudes toward the event.



### Cognitive consistency

The need for behavioral justification to ensure that a person's behaviors are consistent with their attitudes toward an event.

### Cognitive dissonance

Finding one's self acting in a fashion that is inconsistent with their attitudes and experiencing tension and attempting to reduce this tension and return to a state of cognitive consistency.

### Dispositional approach

Argues that attitudes represent relatively stable predispositions to respond to people or situations around them.

### Situational approach

This approach argues that attitudes emerge as a result of the uniqueness of a given situation.

### Social-information-processing approach

Asserts that attitudes result from "socially constructed realities" as perceived by the individual.

## Work-Related Attitudes

1. How can managers and organizations develop a committed workforce?

When we apply the concept of attitudes to work settings, we have to specify which attitude we are concerned with. Although a variety of work-related attitudes can be identified, the one receiving the most attention is job satisfaction. As this is one of the most widely studied concepts in organizational behavior, we will examine it here in some detail.

## Job Involvement and Organizational Commitment

First, however, we should introduce two job attitudes that should also be recognized: job involvement and organizational commitment. **Job involvement** refers to the extent to which a person is interested in and committed to assigned tasks. This is not to say that the person is “happy” (or satisfied) with the job, only that he feels a certain responsibility toward ensuring that the job itself is done correctly and with a high standard of competence. Here the focus of the attitude is the job itself. T. Lodahl and M. Kejner, “The Definition and Measurement of Job Involvement,” *Journal of Applied Psychology*, 1965, 49, pp. 24–33.

**Organizational commitment**, on the other hand, represents the relative strength of an individual's identification with and involvement in an organization. R. T. Mowday, L. W. Porter, and R. M. Steers, *Employee-Organization Linkages: The Psychology of Employee Commitment, Absenteeism and Turnover* (New York: Academic Press, 1982).

Commitment can be characterized by three factors: (1) a strong belief in and acceptance of the organization's goals and values, (2) a willingness to exert considerable effort on behalf of the organization, and (3) a strong desire to maintain membership in the organization. When viewed this way, commitment represents something beyond mere passive loyalty to the company. Instead, it involves an active relationship with the organization in which individuals are willing to give something of themselves in order to help the company succeed and prosper. A careful reading of the research on keys to the success of many Japanese firms will highlight the importance played by a committed work force. Now we turn to the third work attitude of job satisfaction.

## **Job Satisfaction**

**Job satisfaction** may be defined as "a pleasurable or positive emotional state resulting from the appraisal of one's job or job experience." E. A. Locke, "The Nature and Causes of Job Satisfaction," in M.

D. Dunnette, ed., *Handbook of Industrial and Organizational Psychology* (Chicago: Rand McNally, 1976). It results from the perception that an employee's job actually provides what he values in the work situation.

Several characteristics of the concept of job satisfaction follow from this definition. First, satisfaction is an emotional response to a job situation. It can be fully understood only by introspection. As with any attitude, we cannot observe satisfaction; we must infer its existence and quality either from an employee's behavior or verbal statements.

Second, job satisfaction is perhaps best understood in terms of discrepancy. Several writers have pointed to the concept of job satisfaction as being a result of how much a person wants or expects from the job compared to how much he actually receives. L. W. Porter and R. M. Steers, "Organizational, Work, and Personal Factors in Employee Turnover and Absenteeism," *Psychological Bulletin*, 1973, 80, pp. 151–176. People come to work with varying levels of job expectations. These expectations may vary not only in quality (different people may value different things in a job), but also in intensity. On the basis of work experiences, people receive outcomes (rewards) from the job. These include not only extrinsic rewards, such as pay and promotion, but also a variety of intrinsic

rewards, such as satisfying coworker relations and meaningful work. To the extent that the outcomes received by an employee meet or exceed expectations, we would expect the employee to be satisfied with the job and wish to remain. On those occasions when outcomes actually surpass expectations, we would expect employees to reevaluate their expectations and probably raise them to meet available outcomes. However, when outcomes do not meet expectations, employees are dissatisfied and may prefer to seek alternative sources of satisfaction, either by changing jobs or by placing greater value on other life activities, such as outside recreation.

**Dimensions of Job Satisfaction.** It has been argued that job satisfaction actually represents several related attitudes. So, when we speak of satisfaction, we must specify “satisfaction with what?” Research has suggested that five job dimensions represent the most salient characteristics of a job about which people have affective responses. These five are:

1. *Work itself.* The extent to which tasks performed by employees are interesting and provide opportunities for learning and for accepting responsibility.
2. *Pay.* The amount of pay received, the perceived equity of the pay, and the method of payment.
3. *Promotional opportunities.* The availability of realistic opportunities for advancement.

4. *Supervision*. The technical and managerial abilities of supervisors; the extent to which supervisors demonstrate consideration for and interest in employees.
5. *Coworkers*. The extent to which coworkers are friendly, technically competent, and supportive.

Although other dimensions of job satisfaction have been identified, these five dimensions are used most often when assessing various aspects of job attitudes in organizations.

**Measurement of Job Satisfaction.** Probably the most common attitude surveys in organizations today focus on job satisfaction. Satisfaction is considered by many managers to be an important indicator of organizational effectiveness, and therefore it is regularly monitored to assess employee feelings toward the organization. By far the most common means of assessing satisfaction is the rating scale. Rating scales represent direct verbal self-reports concerning employee feelings; they have been widely used in companies since the 1930s. Several job satisfaction scales exist. One of the most popular is the Minnesota Satisfaction Questionnaire (MSQ). This instrument uses a Likert-response format to generate satisfaction scores on 26 scales, including satisfaction with compensation, promotion opportunities, coworkers, recognition, and so forth. You can assess your scoring on a short version of this instrument in the assessment section of this

chapter.

The MSQ and similar rating scales have several advantages for evaluating levels of job satisfaction. First, they are relatively short and simple and can be completed by large numbers of employees quickly. Second, because of the generalized wording of the various terms, the instruments can be administered to a wide range of employees in various jobs. It is not necessary to alter the questionnaire for each job classification. Finally, extensive normative data (or norms) are available. These norms include summaries of the scores of thousands of people who have completed the instruments. Hence, it is possible for employers in other organizations to determine relative standings.

However, although rating scales have many virtues compared to other techniques, at least two drawbacks must be recognized. First, as with any self-report inventory, it is assumed that respondents are both willing and able to describe their feelings accurately. As noted by several researchers, [B. M. Staw, \*Intrinsic and Extrinsic Motivation\* \(Morristown, N. J.: General Learning Press, 1976\)](#), people often consciously or unconsciously distort information that they feel is damaging and enhance information that they feel is beneficial. For example, it is possible that employees who think their supervisors may see the results of their questionnaire may report overly favorable job attitudes.

A second problem with rating scales is the underlying assumption that questionnaire items mean the same thing to all people. There may, in fact, not be a common interpretation across individuals. Even so, rating scales have proved to be helpful in assessing satisfaction in various aspects of the job situation. Managers can use the results to identify potential problem areas and to generate discussions and action plans of how to correct aspects of jobs or the organization that are causing unacceptable levels of dissatisfaction.

### How Satisfied Are Employees?

If you've ever flown on Southwest Airlines, you can tell something is different just from the first interaction with their employees. From the flight attendants, to the pilot's announcements, and even to their customer service representatives, they have a cheerful disposition, and contrary to popular belief, this isn't an act.

In 2017, Southwest Airlines announced that it would be sharing their \$586 million in profits with its 54,000 employees, given them a bonus of approximately 13.2 percent on average. This doesn't account for the extra \$351 million that they contributed to the employee's 401(k) plans either. This is just one of the many ways that Southwest has given back to their employees in a day and age when minimum wage for even qualified candidates



seems like a fight.

Southwest CEO Gary Kelly reflects that “Our people-first approach, which has guided our company since it was founded, means our company does well, our people do really, really well. Our people work incredibly hard and deserve to share in Southwest’s success.” With this attitude, it is no wonder the employees on and off your flight are showing their satisfaction in their everyday attitudes. The year 2017 was the 43rd year that Southwest shared its profits with their people. While compensation ranks among one of the most attributed traits of a company to help with employee satisfaction, it goes much deeper than that to keep motivation high.

At Southwest, they rank employees first and customers second. They create a culture of fun and inclusive core values that help to give their employees a sense of community and belonging. When their employees are motivated and take pride in what they do, they are able to give their best to their customers every day, which accounts for their highly ranked customer satisfaction results on surveys each year.

Sources: Dahl, Darren, “Why do Southwest Employees Always Seem so Happy,” *Forbes*, July, 28, 2017, <https://www.forbes.com/sites/darrendahl/2017/07/28/why-do-southwest-airlines-employees-always-seem-so-happy/#3cba8dbc59b0>; Martin, Emmie, “A major airline says there's something it values more than its

customers, and there's a good reason why," *Business Insider*, July 29, 2015, <https://www.businessinsider.com/southwest-airlines-puts-employees-first-2015-7>; Ramdas, Shreesha, "The Southwest Way to Employee Satisfaction: Flying High Like the High Flier," *Customer Think*, May 12, 2018, (<http://customerthink.com/the-southwest-way-to-employee-satisfaction-flying-high-like-the-high-flier/>).

### **Questions:**

1. Oftentimes it is hard to stay at the top. What considerations should Southwest take to maintain their employee satisfaction and keep improving?
2. Not all companies can share profits. What would you suggest to a new company that is just starting off to help gain high employee satisfaction?

1. How can organizations foster positive job involvement and instill positive attitudes in their employees?
2. What are the dimensions of job satisfaction?

1. How can managers and organizations develop a committed workforce?

Job involvement refers to the extent to which an individual is interested in his or her assigned tasks. Organizational commitment refers to the relative strength of an individual's identification with and involvement in a particular organization. Job satisfaction is a pleasurable or positive emotional state resulting from the appraisal of one's job or job experience.

## Chapter Review Questions

1. Describe how the basic perceptual process works. Why should managers understand this process?
2. How can variations in social perception affect everyday work behavior? Provide an example to illustrate.
3. What can managers do to reduce the incidences of stereotyping in the workplace?
4. How does the attributional process work? Provide an example to show why this process is so important in understanding organizational behavior.
5. How do attributional biases work? What can managers do to reduce such biases?
6. What are the differences between job involvement, organizational commitment, and

job satisfaction? Are all three influenced by the same factors?

7. What are the major reasons for job satisfaction? What are the primary consequences of dissatisfaction? Explain.

## Managerial Skills Application Exercises

1. In order to understand how response salience works, you may want to complete this self-assessment. Read the passage, and rate it on its comprehensibility. Does it make sense to you? Next, look at the appropriate frame of reference given in **Appendix B**. Now read the passage again, and rate it for its comprehensibility. Does it make more sense now that you have a specific frame of reference?

### Can You Understand This Passage?

*Instructions:* The procedure is actually quite simple. First you arrange things into different groups. Of course, one pile may be sufficient depending on how much there is to do. If you have to go somewhere else due to lack of facilities that is the next step, otherwise you are pretty well set. It is important not to overdo things. That is, it is better to do too few things at once than too many. In the short run this

may not seem important, but complications can easily arise. A mistake can be expensive as well. At first the whole procedure will seem complicated. Soon, however, it will become just another facet of life. It is difficult to foresee any end to the necessity for this task in the immediate future, but then one never can tell. After the procedure is completed one arranges the materials into different groups again. Then they can be put into their appropriate places. Eventually they will be used once more and the whole cycle will then have to be repeated. However, that is part of life.

Adapted  
from  
“Contextual  
Prerequisites  
for  
Understanding:  
Some  
Investigations  
of  
Comprehension

<p>and Recall” by John D. Bransford and Marcia K. Johnson, in <i>Journal of Verbal Learning and Verbal Behavior</i>, December 1972, p. 722.</p>									
<b>Comprehensive</b>									
<b>Scale</b>									
Very	Neutral		Very						
incomprehensive			comprehensive						
1	2		3	4		5			

2. How Do You Feel About Women Executives?

*Instructions:* This instrument focuses on your

attitudes toward women in executive positions. For each item, circle the number that best represents your feelings concerning women executives in organizations. Be completely honest with yourself in responding. For a scoring key, refer to **Appendix B**.

	Strongly Disagree				Strongly Agree
1. It is high time we had more women in executive positions.					
1. Women make just as good managers as men.					
1. Women often fail to have the same level of technical competence as men.					
1. Women executives should receive the same respect and trust as their male counterparts.					
1. Men tend to be better suited for managerial positions than women.					
1. Women are too emotional to succeed in top-level management.					
1. Women have a hard time supervising the work of male subordinates.					
1. I would prefer not to work for a female manager.					
1. Success as an executive has nothing					


to do with one's gender.

1. Many women executives get to the top either because of affirmative action pressure or connections.

3. Examples of the MSQ for two scales (compensation and recognition) can be seen in this self-assessment. If you wish to complete this sample questionnaire, simply refer to a (paid or unpaid) job that you have had and answer the questionnaire. To score the instrument, refer to **Appendix B**.

## Are You Satisfied with Your Job?

*Instructions:* Answer each of the ten questions by circling the numbers that best describe how satisfied or dissatisfied you are with the particular item. Then sum your results for questions 1–5 and 6–10 separately.

Adapted  
from  
David J.  
Weiss,  
Rene V.



Dawis,  
George  
W.  
England,  
and  
Lloyd H.  
Lofquist,  
*Manual  
for the  
Minnesota  
Satisfaction  
Questionnaire*  
(Minneapolis: Industrial  
Relations  
Center,  
University  
of  
Minnesota).

	Very Dissatisfied	Very Satisfied
1. The way I am noticed when I do a good job	2	5
1. The way I get full credit for the work I do	2	5
1. The recognition I get for the work I do	2	5
1. The way they usually tell me when I do my job well	2	5
1. The praise I get for doing a good job	2	5

- |    |                                 |   |            |   |                   |   |               |
|----|---------------------------------|---|------------|---|-------------------|---|---------------|
| 1. | The amount                      | 2 | of pay     | 3 | for the work I do | 5 |               |
| 1. | The chance                      | 2 | to make    | 3 | as much           | 4 | money as my   |
|    | friends                         |   |            |   |                   |   |               |
| 1. | How my pay                      | 2 | compares   | 3 | with              | 4 | that for      |
|    | similar jobs in other companies |   |            |   |                   |   |               |
| 1. | My pay and                      | 2 | the amount | 3 | of work I do      | 5 |               |
| 1. | How my pay                      | 2 | compares   | 3 | with              | 4 | that of other |
|    | workers                         |   |            |   |                   |   |               |

## Managerial Decision Exercises

1. You remember from your Organizational Behavior class that several assessments to increase one's self-awareness, like the Minnesota Multiphasic Personality Inventory that you read about in this chapter and is profiled in the Managerial Skill Application Exercises of this chapter, were very beneficial for you as an understanding of your emotional intelligence, values, cognitive style, and ability to cope with change. You have been assigned to a team that will interview both internal and external candidates for a new sales manager position for the California region, which is a position at the same level organizationally as your present position. During the initial orientation meeting, one of the team members—the manager of a distribution center for the organization—says, “I like to use the results of

the Myers-Briggs Types Indicator assessment to screen applicants for this position, and since sales managers should be extroverts and should possess sensing, thinking, and judging skills, we should only consider ESTJ types.” Your boss, the national sales manager, asks you to write a report on whether the selection process should only consider ESTJ types and to provide it to the team for discussion. Write a report and share it for discussion with a team of students in this class who will assume the role of the hiring interview team.

2. Recall a meeting that you recently had, such as a team presentation of a case analysis. What were your impressions of what happened in the planning of the presentation and how things like the assignment of roles and timetables for subsequent meetings and deliverables unfolded. What were the behaviors of the others at the meeting, and why do you think they acted as they did? Finally, how do you think that others perceived your behavior at the meeting? After you have recorded these recollections, meet with another attendee of that meeting. Ask them these questions, and record what they say happened at that meeting and what they thought of the behavior of the participants, including you. Let them know that this is for your class and you want them to be as honest as possible. As they are answering, record their

recollections and do not interrupt or offer possible corrections. Finally, compare your recollections and notes with those of the interviewee and use the knowledge from this chapter to assess the differences and similarities in perception and attribution.

3. As a way to measure job satisfaction, ask someone at a local business the following questions:
  1. What is your job title, and what do you do in your own words? How do these match up to tasks, duties, and responsibilities in your job description?
  2. Are you satisfied with the work that you do?
  3. How satisfied are you with the training and supervision that you receive?
  4. How satisfied are you with the people that you work with?
  5. Are you happy with your salary?
  6. Are you happy with the benefits that are offered as part of the job?
  7. Do you see any possibilities for advancement in the organization?
  8. What are your general feelings about your employer?
  9. Do you have any additional comments regarding how you feel about your job?

Write an assessment of this individual's job satisfaction and what a supervisor and organization could do to improve the level of job satisfaction for their employees.

## **Critical Thinking Case**

### **Stereotypes at Pitney Bowes**

Many times, we think of stereotypes or discrimination only being an issue when it comes to things like gender, race, or religion. However, at Pitney Bowes Inc., the toughest stereotype to overcome is age.

Brigitte Van Den Houte starts her day in the normal way; however, she has taken a keen focus on persuading employees in their 20s that they have a future at Pitney Bowes.

For almost 100 years, Pitney Bowes, founded in 1920, has been all about commerce. But as the world turned to technology, the definition of what that meant for the traditional postage-meter equipment company had to change as well.

One of the biggest challenges of this ever-changing technological world is how the generations of

employees can step aside from their stereotypes and understand one another to better work effectively.

At Pitney Bowes, their proactive approach puts younger colleagues with older colleagues in a mentoring situation. This is not the typical older mentor to younger mentor setup, however. Every few months, Houte arranges for the younger employees to spend the day with a seasoned executive with the plan of sharing experiences and ideas and offering advice. Houte states, “the old way of working no longer works,” and she’s right.

With over one-third of the workforce aging to 50 or older and millennials (young people aged 22–37) being the largest workforce group, it is imperative to put stereotypes aside and learn to work together. One big mistake for a manager would be to focus on the age difference rather than on what skills each person individually can bring to the table.

Stereotypes such as “older individuals don’t know about technology” or “millennials are constantly job hopping and feel entitled” are put aside at Pitney Bowes in order to get the job done. With a more proactive approach, the range of variables within each generation can be utilized in the most effective way possible for an organization.

Sources: Hymowitz, Carol, “The Tricky Task of Managing the New, Multigenerational Workplace,”

*The Wall Street Journal*, August 12, 2018, <https://www.wsj.com/articles/the-tricky-task-of-managing-the-new-multigenerational-workplace-1534126021?mod=searchresults&page=1&pos=9>; Ault, Nicole, “Don’t Trust Anyone Over 21,” *The Wall Street Journal*, August 22, 2018, <https://www.wsj.com/articles/dont-trust-anyone-over-21-1534977740?mod=searchresults&page=1&pos=1>.

### **Questions:**

1. What are other ways that a company can utilize a multigenerational team to their advantage?
2. What challenges does a multigenerational team pose for management?
3. What should the company and management team consider when attracting new employees of all generations?

## **Glossary**

### **Job involvement**

Refers to the extent to which a person is interested in and committed to assigned tasks.

### **Job satisfaction**

A pleasurable or positive emotional state resulting from the appraisal of one’s job or job experience.

### **Organizational commitment**

Represents the relative strength of an

individual's identification with and involvement in an organization.



## Introduction

class = "introduction" (Credit: rawpixel/ Pixabay/  
(CC BY 0))



## Learning Outcomes

**After reading this chapter, you should be able to answer these questions:**

1. What is diversity?
2. How diverse is the workforce?
3. How does diversity impact companies and the workforce?
4. What is workplace discrimination, and how does it affect different social identity groups?
5. What key theories help managers understand the benefits and challenges of managing the diverse workforce?
6. How can managers reap benefits from diversity and mitigate its challenges?
7. What can organizations do to ensure applicants, employees, and customers from all

backgrounds are valued?

Dr. Tamara A. Johnson, Assistant Chancellor for Equity, Diversity, and Inclusion at University of Wisconsin-Eau Claire

Dr. Tamara Johnson's role as assistant chancellor for equity, diversity, and inclusion at the University of Wisconsin-Eau Claire involves supervising and collaborating with various campus entities to ensure their operations continue to support the university's initiatives to foster diversity and equity within the university community. Dr. Johnson oversees the Affirmative Action, Blugold Beginnings (pre-college program), Gender and Sexuality Resource Center, Office of Multicultural Affairs, Ronald E. McNair Program, Services for Students with Disabilities, Student Support Services, University Police, and Upward Bound units and leads campus-wide initiatives to educate and train faculty, students, and staff about cultural awareness, diversity, and institutional equity. Dr. Johnson's journey to her current role began more than 20 years ago when she worked as a counselor for the Office of Multicultural Student Affairs at the University of Illinois. Her role in this office launched her on a path through university service—Dr. Johnson went on to work as the associate director for University Career Services at Illinois State University, the director for

multicultural student affairs at Northwestern University, and the director for faculty diversity initiatives at the University of Chicago. As faculty at the Chicago School of Professional Psychology, Argosy University, and Northwestern University, Dr. Johnson taught counseling courses at the undergraduate, master's, and doctorate levels. Dr. Johnson's work at the University of Wisconsin-Eau Claire involves developing a program and protocols to ensure all faculty and staff across the institution receive baseline diversity training. In addition, one of her goals is to include criteria related to diversity factors in the evaluations of all faculty/staff. A primary issue that she seeks to address is to increase the awareness of the challenges experienced by underrepresented students. This includes individuals who may come from backgrounds of low income, students of color, first-generation students, and other marginalized groups such as lesbian, gay, bisexual, and transgender students. Dr. Johnson understands the importance of creating initiatives to support individuals in those groups so their specific concerns may be addressed in multiple ways. As you will learn in this chapter, when leaders proactively create an inclusive and supportive climate that values diversity, benefits are produced that result in positive outcomes for organizations.



# An Introduction to Workplace Diversity

## 1. What is diversity?

**Diversity** refers to identity-based differences among and between two or more people [McGrath, J. E., Berdahl, J.L., & Arrow, H. \(1995\). Traits, expectations, culture, and clout: The dynamics of diversity in work groups. In S.E. Jackson & M.N. Ruderman \(Eds.\), Diversity in Work Teams, 17-45. Washington, D.C.: American Psychological Association.](#) that affect their lives as applicants, employees, and customers. These identity-based differences include such things as race and ethnicity, gender, sexual orientation, and age. Groups in society based on these individual differences are referred to as **identity groups**. These differences are related to discrimination and disparities between groups in areas such as education, housing, healthcare, and employment. The term **managing diversity** is commonly used to refer to ways in which organizations seek to ensure that members of diverse groups are valued and treated fairly within organizations [Thomas, R. R. 1991. Beyond race and gender. New York, NY: AMACOM.](#) in all areas including hiring, compensation, performance evaluation, and customer service activities. The term *valuing diversity* is often used to reflect ways in which organizations show appreciation for diversity among job applicants, employees, and customers. [Cox, Taylor H., and Stacy Blake.](#)

"Managing cultural diversity: Implications for organizational competitiveness." *The Executive* (1991): 45-56. **Inclusion**, which represents the degree to which employees are accepted and treated fairly by their organization, Pelled, L. H., Ledford, G. E., Jr., & Mohrman, S. A. (1999). Demographic dissimilarity and workplace inclusion. *Journal of Management Studies*, 36, 1013-1031. is one way in which companies demonstrate how they value diversity. In the context of today's rapidly changing organizational environment, it is more important than ever to understand diversity in organizational contexts and make progressive strides toward a more inclusive, equitable, and representative workforce.

Three kinds of diversity exist in the workplace (see [\[link\]](#)). **Surface-level diversity** represents an individual's visible characteristics, including, but not limited to, age, body size, visible disabilities, race, or sex. Lambert, J.R., & Bell, M.P. (2013). *Diverse forms of difference*. In Q. Roberson (Ed.) *Oxford Handbook of Diversity and Work* (pp. 13 – 31). New York: Oxford University Press. A collective of individuals who share these characteristics is known as an identity group. **Deep-level diversity** includes traits that are nonobservable such as attitudes, values, and beliefs. Harrison, D.A., Price, K.H., & Bell, M.P. (1998). *Beyond relational demography: time and the effects of surface- and deep-level diversity on work group cohesion*.

Academy of Management Journal, 41(1), 96-107.

**Hidden diversity** includes traits that are deep-level but may be concealed or revealed at the discretion of individuals who possess them. Lambert, J.R., & Bell, M.P. (2013). Diverse forms of difference. In Q. Roberson (Ed.) Oxford Handbook of Diversity and Work (pp. 13 – 31). New York: Oxford University Press. These hidden traits are called **invisible social identities** Clair, J.A., Beatty, J.E., & Maclean, T.L. (2005). Out of sight but not out of mind: Managing invisible social identities in the workplace. Academy of Management Review, 30 (1), 78-95. and may include sexual orientation, a hidden disability (such as a mental illness or chronic disease), mixed racial heritage, Philips, K.W., Rothbard, N.P., & Dumas, T.L. (2009). To disclose or not to disclose? Status distance and self-disclosure in diverse environments. Academy of Management Review, 34(4), 710-732. or socioeconomic status. Researchers investigate these different types of diversity in order to understand how diversity may benefit or hinder organizational outcomes.

Diversity presents challenges that may include managing dysfunctional conflict that can arise from inappropriate interactions between individuals from different groups. Diversity also presents advantages such as broader perspectives and viewpoints. Knowledge about how to manage diversity helps managers mitigate some of its challenges and reap some of its benefits.



## Types of Diversity

### Surface-level diversity

Diversity in the form of characteristics of individuals that are readily visible including, but not limited to, age, body size, visible disabilities, race or sex.

### Deep-level diversity

Diversity in characteristics that are nonobservable such as attitudes, values, and beliefs, such as religion.

### Hidden diversity

Diversity in characteristics that are deep-level but may be concealed or revealed at discretion by individuals who possess them, such as sexual orientation.

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1. What is diversity?
2. What are the three types of diversity encountered in the workplace?



## 1. What is diversity?

Diversity refers to identity-based differences among and between people that affect their lives as applicants, employees, and customers. Surface-level diversity represents characteristics of individuals that are readily visible, including, but not limited to, age, body size, visible disabilities, race, or sex. Deep-level diversity includes traits that are nonobservable such as attitudes, values, and beliefs. Finally, hidden diversity includes traits that are deep-level but may be concealed or revealed at the discretion of individuals who possess them.

## Glossary

### deep-level diversity

Diversity in characteristics that are nonobservable such as attitudes, values, and beliefs, such as religion.

### diversity

Identity-based differences among and between people that affect their lives as applicants, employees, and customers.

### hidden diversity

Differences in traits that are deep-level and may be concealed or revealed at discretion by

individuals who possess them.

identity group

A collective of individuals who share the same demographic characteristics such as race, sex, or age.

inclusion

The degree to which employees are accepted and treated fairly by their organization.

invisible social identities

Membership in an identity group based on hidden diversity traits such as sexual orientation or a nonobservable disability that may be concealed or revealed.

managing diversity

Ways in which organizations seek to ensure that members of diverse groups are valued and treated fairly within organizations.

surface-level diversity

Diversity in the form of characteristics of individuals that are readily visible, including, but not limited to, age, body size, visible disabilities, race, or sex.

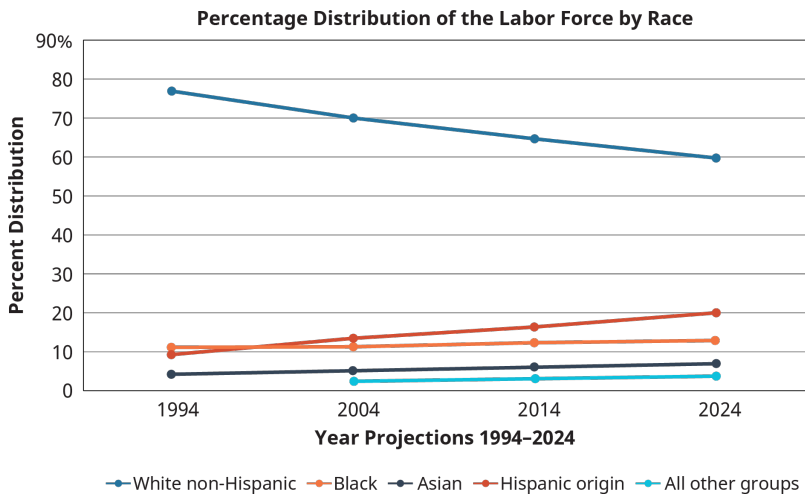
# Diversity and the Workforce

## 1. How diverse is the workforce?

In 1997, researchers estimated that by the year 2020, 14% of the workforce would be Latino, 11% Black, and 6% Asian. [Judy, R.W., D'Amico, C., & Geipel, G.L.\(1997\). Workforce 2020: Work and Workers in the 21st Century. Indianapolis, Ind: Hudson Institute.](#) Because of an increase in the number of racial minorities entering the workforce over the past 20 years, most of those projections have been surpassed as of 2016, with a workforce composition of 17% Hispanic or Latino of any race, followed by 12% Black and 6% Asian (see [\[link\]](#) ). American Indians, Alaska Natives, Native Hawaiians, and Other Pacific Islanders together made up a little over 1% of the labor force, while people of two or more races made up about 2% of the labor force. [U.S. Bureau of Labor Statistics. \(2017\). Labor force characteristics by race and ethnicity, 2016. Retrieved from https://www.bls.gov/opub/reports/race-and-ethnicity/2016/home.htm](#) Women constitute approximately 47% of the workforce compared to approximately 53% for men, [U.S. Department of Labor, Bureau of Labor Statistics. \(2017\). Table A-1. Employment status of the civilian population by sex and age. Retrieved from https://www.bls.gov/news.release/empsit.t01.htm](#); [DeWolf, M. \(Mar 1 2017\). 12 stats about working women. Retrieved](#)

from <https://blog.dol.gov/2017/03/01/12-stats-about-working-women> and the average age of individuals participating in the labor force has also increased because more employees retire at a later age. Toosi, Mitra, "Labor force projections to 2024: the labor force is growing, but slowly," Monthly Labor Review, U.S. Bureau of Labor Statistics, December 2015, <https://doi.org/10.21916/mlr.2015.48>. Although Whites still predominantly make up the workforce with a 78% share, U.S. Bureau of Labor Statistics. (2017). Labor force characteristics by race and ethnicity, 2016. Retrieved from <https://www.bls.gov/opub/reports/race-and-ethnicity/2016/home.htm> the U.S. workforce is becoming increasingly more diverse, a trend that presents both opportunities and challenges. These demographic shifts in the labor market affect the workforce in a number of ways due to an increasing variety of workers who differ by sex, race, age, sexual orientation, disability status, and immigrant status.

Percentage distribution of the labor force by race  
(Attribution: Copyright Rice University, OpenStax, under CC-BY 4.0 license)



## Gender

Increasingly more women are entering the workforce. U.S. Department of Labor, Bureau of Labor Statistics. (2017). Table 2: Employment status of the civilian noninstitutional population 16 years and over by sex, 1977 to date 11. Retrieved from <https://www.bls.gov/cps/cpsaat02.pdf>. Compared to 59% in 1977, the labor force participation rate for men is now approximately 53% and is expected to decrease through 2024 to 52%. Toosi, Mitra, "Labor force projections to 2024: the labor force is growing, but slowly," Monthly Labor Review, U.S. Bureau of Labor Statistics, December 2015, <https://doi.org/10.21916/mlr.2015.48>. As the labor force participation rate decreases for men, the labor force growth rate for women will be faster. Their percentage of the workforce has steadily risen,

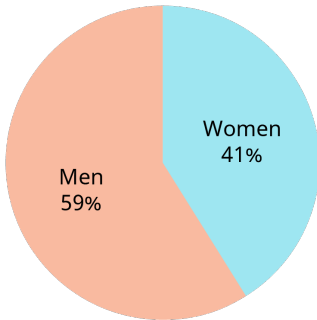
as can be seen in [\[link\]](#) , which compares the percentage of the workforce by gender in 1977 to 2017. [U.S. Department of Labor, Bureau of Labor Statistics. \(2017\). Table 2: Employment status of the civilian noninstitutional population 16 years and over by sex, 1977 to date 11. Retrieved from https://www.bls.gov/cps/cpsaat02.pdf.](#)

Although more women are entering the labor force and earning bachelor's degrees at a higher rate than men, [DeWolf, M. \(2017\). 12 stats about working women. U.S. Department of Labor Blog.](#) women still face a number of challenges at work. The lack of advancement opportunities awarded to qualified women is an example of a major challenge that women face called the **glass ceiling**, [Eagly, A.H., & Karau, S.J.\(2002\). Role congruity theory of prejudice toward female leaders. Psychological Review, 109 \(3\): 573-598.](#) which is an invisible barrier based on the prejudicial beliefs that underlie organizational decisions that prevent women from moving beyond certain levels within a company. Additionally, in organizations in which the upper-level managers and decision makers are predominantly men, women are less likely to find mentors, which are instrumental for networking and learning about career opportunities. Organizations can mitigate this challenge by providing mentors for all new employees. Such a policy would help create a more equal playing field for all employees as they learn to orient themselves and navigate within the

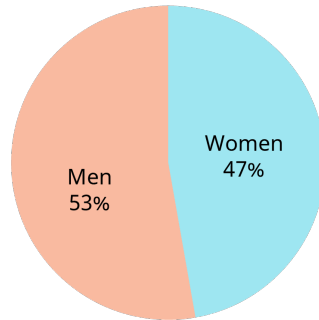
organization.

## Percentage Distribution of the Labor Force by Sex (Attribution: Copyright Rice University, OpenStax, under CC-BY 4.0 license)

Percentage of Workforce Employed  
by Sex 1977



Percentage of Workforce Employed  
by Sex 2017



One factor that greatly affects women in organizations is **sexual harassment**. Sexual harassment is illegal, and workers are protected from it by federal legislation. EEOC, “Facts About Sexual Harassment.” Retrieved from <https://www.eeoc.gov/eeoc/publications/fs-sex.cfm> Two forms of sexual harassment that can occur at work are quid pro quo and hostile environment. *Ibid.* Quid pro quo harassment refers to the exchange of rewards for sexual favors or punishments for refusal to grant sexual favors. Harassment that creates a hostile environment refers to behaviors that create an abusive work climate. If employees are penalized (for example by being demoted or transferred to another department) for refusing to respond to repeated sexual advances, quid pro quo sexual harassment has taken place. The telling of lewd jokes, the posting of pornographic material at work,

or making offensive comments about women in general are examples of actions that are considered to create a hostile work environment. According to the Equal Employment Opportunity Commission, sexual harassment is defined as the “unwelcome sexual advances, requests for sexual favors, and other verbal or physical harassment of a sexual nature. Harassment can also include offensive remarks about a person’s sex.”EEOC, “Sexual Harassment.” Retrieved from [https://](https://www.eeoc.gov/laws/types/sexual_harassment.cfm)

[www.eeoc.gov/laws/types/sexual\\_harassment.cfm](https://www.eeoc.gov/laws/types/sexual_harassment.cfm)

Although both men and women can be sexually harassed, women are sexually harassed at work more often.Feldblum, C.R., & Lipnic, V.A.

(2016).Report of the Co-Chairs of the EEOC Select Task Force on the Study of Harassment in the Workplace. Retrieved from [https://www.eeoc.gov/eeoc/task\\_force/harassment/report.cfm](https://www.eeoc.gov/eeoc/task_force/harassment/report.cfm) In addition, Black and other minority women are especially likely to be subjected to sexual discrimination and harassment.Hernandez, T.K. (2000). Sexual Harassment and Racial Disparity: The Mutual Construction of Gender and Race. *Gender, Race and Justice* (4J): 183 -224. Retrieved from [http://](http://ir.lawnet.fordham.edu/faculty_scholarship/12)

Tamara Johnson

The treatment of women in business has become a hot topic in corporate boardrooms, human resources departments, and investment committees. Tamara Johnson, who is profiled in the opening feature to this chapter, moves beyond simply acknowledging



widespread discrimination to focusing on solutions. Also on the agenda: the need to improve diversity and inclusion across the board and breaking through the glass ceiling. (Credit: Tamara Johnson/ Attribution 2.0 Generic (CC BY 2.0))



It is in the organization's best interest to prevent sexual harassment from occurring. Ways to do this include companies providing ongoing (e.g., annual) training so that employees are able to recognize sexual harassment. Employees should know what constitutes acceptable and unacceptable behavior

and what channels and protocols are in place for reporting unacceptable behaviors. Managers should understand their role and responsibilities regarding harassment prevention, and a clear and understandable policy should be communicated throughout the organization.

Just as gender-based discrimination is illegal and inappropriate, so is discrimination or mistreatment based on pregnancy, childbirth, or related medical conditions. While organizations may have different policies regarding maternity and paternity leave, they must comply with both the Pregnancy Discrimination Act and the Family Medical Leave Act.

## Race

Another important demographic shift in workforce diversity is the distribution of race. (Note that we are using categories defined by the U.S. Census Bureau. It uses the term “Black (African American)” to categorize U.S. residents. In this chapter, we use the term “Black.”)

While the White non-Hispanic share of the workforce continues to shrink, the share of racial and ethnic minority groups will continue to grow. [Toosi, Mitra, "Labor force projections to 2024: the labor force is growing, but slowly," Monthly](#)

Labor Review, U.S. Bureau of Labor Statistics, December 2015, <https://doi.org/10.21916/mlr.2015.48>. Specifically, Hispanics and Asians will grow at a faster rate than other racial minorities, and Hispanics are projected to make up almost one-fifth of the labor force by 2024.[Ibid.](#) The projected changes in labor force composition between 2014 and 2024 are as follows:

White non-Hispanic participation in the labor force will decline by 3%. Other groups' share of the labor force is expected to increase: Black (10.1%), Hispanic/Latino (28%), Asian (23.2%), and Other groups (i.e., multiracial, American Indian, Alaska Native, Native Hawaiian, and Other Pacific Islanders) labor force share is expected to increase by 22.2%.[Ibid.](#) With the workforce changing, managers will need to be mindful of issues employees encounter that are uniquely tied to their experiences based on race and ethnicity, including harassment, discrimination, stereotyping, and differential treatment by coworkers and decision makers in organizations.

## **Discrimination Against Black Employees**

Race is one of the most frequent grounds for discrimination.[U.S. Equal Employment Opportunity Commission. African-Americans in the American Workforce. Retrieved from https://www1.eeoc.gov/eeoc/statistics/reports/american\\_experiences/](#)

[african\\_americans.cfm?renderforprint=1](#) Although Blacks do not make up the largest share of the workforce for racial minorities, research studies show they face discrimination more often than other racial minorities. As a matter of fact, some experts believe that hiring discrimination against Blacks has not declined over the past 25 years while workplace discrimination against other racial minority groups has declined. [Quilian, L., Pager, D., Midtboen, A.H., & Hexel, O. \(Oct 2017\). Hiring discrimination against Black Americans hasn't declined in 25 years. Harvard Business Review.](#)

### Discrimination in the Sharing Economy—

#### #AirbnbWhileBlack

Airbnb, a popular home-sharing website founded in San Francisco in 2008, offers millions of homes for short-term rental in more than 190 countries. This company has revolutionized the sharing economy in the same way that ride-sharing services such as Uber and Lyft have, and according to the company, the site's drive to connect hosts and potential renters has been able to contribute to the quality of life of both homeowners and travelers. According to Airbnb's press releases and information campaigns, their services can reduce housing costs for travelers on a budget and can provide unique experiences for adventurous travelers who wish to have the flexibility to experience a city like a local.

The organization also claims that most of its users are homeowners looking to supplement their incomes by renting out rooms in their homes or by occasionally renting out their whole homes.

According to a statement, most of the listings on the site are rented out fewer than 50 nights per year.

Despite the carefully crafted messages Airbnb has presented to the public, in 2016 the company came under intense scrutiny when independent analyses by researchers and journalists revealed something startling: While some Airbnb hosts did in fact use the services only occasionally, a significant number of hosts were using the services as though they were hotels. These hosts purchased a large number of properties and continuously rented them, a practice that affected the availability of affordable housing in cities and, because these hosts were not officially registered as hoteliers, made it possible for Airbnb hosts to avoid paying the taxes and abiding by the laws that hotels are subject to.

Title II of the Civil Rights Act of 1964 mandates that hotels and other public accommodations must not discriminate based on race, national origin, sex, or religion, and Title VIII of the Civil Rights Act of 1968 (also known as the Fair Housing Act [FHA]) prohibits discrimination specifically in housing. However, Airbnb's unique structure allows it to circumvent those laws. The company also claims that while it encourages hosts to comply with local and federal laws, it is absolved

from responsibility if any of its hosts break these laws. In 2017, researcher Ben Edelman conducted a field experiment and found that Airbnb users looking to rent homes were 16% less likely to have their requests to book accepted if they had traditionally African American sounding names like Tamika, Darnell, and Rasheed.

These findings, coupled with a viral social media campaign, #AirbnbWhileBlack, in which users claimed they were denied housing requests based on their race, prompted the state of California's Department of Fair Employment and Housing (DFEH) to file a complaint against the company. In an effort to resolve the complaint, Airbnb reported banning any hosts who were found to have engaged in discriminatory practices, and they hired former U.S. Attorney General Eric Holder and former ACLU official Laura Murphy to investigate any claims of discrimination within the company.<https://www.theguardian.com/technology/2016/sep/08/airbnb-discrimination-policy-changes-racial-discrimination> In 2016, Airbnb released a statement outlining changes to company practices and policies to combat discrimination, and while they initially resisted demands by the DFEH to conduct an audit of their practices, the company eventually agreed to an audit of roughly 6,000 of the hosts in California who have the highest volume of properties listed on the site.

Sources: AirBnB Press Room, accessed December

24, 2018, <https://press.atairbnb.com/about-us/>; “Airbnb's data shows that Airbnb helps the middle class. But does it?”, *The Guardian*, accessed December 23, 2018, <https://www.theguardian.com/technology/2016/jul/27/airbnb-panel-democratic-national-convention-survey>; and Quittner, Jeremy, “Airbnb and Discrimination: Why It’s All So Confusing”, *Fortune*, June 23, 2016, <http://fortune.com/2016/06/23/airbnb-discrimination-laws/>.

### **Discussion Questions**

1. What are some efforts companies in the sharing economy can take before problems of discrimination threaten to disrupt operations?
2. Should Airbnb be held responsible for discriminatory actions of its hosts?

Currently, White men have higher participation rates in the workforce than do Black men, [U.S. Department of Labor, Bureau of Labor Statistics. \(2017\). Table 11: Employed persons by detailed occupation, sex, race, and Hispanic or Latino ethnicity. Retrieved from https://www.bls.gov/cps/tables.htm#charemp.](#) and Black women have slightly higher participation rates than White women. [Ibid](#) Despite growth and gains in both Black education and Black employment, a Black person is considerably more likely to be unemployed than a

White person, even when the White person has a lower level of education Adams, S. (June 2014). White high school drop-outs are as likely to land jobs as black college students. Forbes. Retrieved from <https://www.forbes.com/sites/susanadams/2014/06/27/white-high-school-drop-outs-are-as-likely-to-land-jobs-as-black-college-students/#51715c547b8f> or a criminal record. Pager, D. (2003). The mark of a criminal record. *American Journal of Sociology*, 108 (5): 937-975.

Blacks frequently experience discrimination in the workplace in spite of extensive legislation in place to prohibit such discrimination. Research has shown that stereotypes and prejudices about Blacks can cause them to be denied the opportunity for employment when compared to equally qualified Whites. Bertrand, M. & Mullainathan, S. (2004). Are Emily and Greg more employable than Lakisha and Jamal? A field experiment on labor market discrimination. *American Economic Review*, 94 (4): 991-1013 It is estimated that about 25% of businesses have no minority workers and another 25% have less than 10% minority workers. Robinson, C. L., Taylor, T., Tomaskovic-Devey, D., Zimmer, C. & Irwin Jr., M.W. (2005). "Studying race or ethnic and sex segregation at the establishment level: Methodological issues and substantive opportunities using EEO-1 reports." *Work and Occupations* 32(1): 5-38. In terms of



employed Blacks, research has shown that, regardless of managers' race, managers tended to give significantly higher performance ratings to employees who were racially similar to them. Because Whites are much more likely to be managers than Blacks, this similarity effect tends to advantage White employees over Black employees. Kraiger, K., & Ford, J. K. (1985). A Meta-Analysis of Ratee Race Effects in Performance Ratings. *Journal of Applied Psychology*, 70(1), 56-65. Blacks are also significantly more likely to be hired in positions that require low skills, offer little to no room for growth, and pay less. These negative employment experiences affect both the mental and physical health of Black employees. Mays, V. M., Coleman, L. M., & Jackson, J. S. (1996). Perceived Race-Based Discrimination, Employment Status, and Job Stress in a National Sample of Black Women: Implications for Health Outcomes. *Journal of Occupational Health Psychology*, 1(3), 319–329.

## Hispanic/Latino

Hispanics are the second-fastest-growing minority group in the United States behind Asians, Lopez, G., Ruiz, N.G., & Patten, E. (2017). Key facts about Asian Americans, a diverse and growing population. Pew Research Center. Retrieved from <http://www.pewresearch.org/fact-tank/2017/09/08/key-facts-about-asian-americans/>; Flores, A. (Sep 18 2017). How the U.S. Hispanic population is

changing. Pew Research Center. Retrieved from [http://www.pewresearch.org/fact-tank/2017/09/18/how-the-u-s-hispanic-population-is-changing/ft\\_17-09-18\\_hispanics\\_ushispanicpop/](http://www.pewresearch.org/fact-tank/2017/09/18/how-the-u-s-hispanic-population-is-changing/ft_17-09-18_hispanics_ushispanicpop/) and they make up 17% of the labor force. U.S. Bureau of Labor Statistics. (2017). Labor force characteristics by race and ethnicity, 2016. Retrieved from <https://www.bls.gov/opub/reports/race-and-ethnicity/2016/home.htm> Despite this and the fact that Hispanics have the highest labor participation rate of all the minority groups, they still face discrimination and harassment in similar ways to other minority groups. (Note that we are again using the categories as defined by the U.S. Census Bureau, which predominantly uses the term "Hispanic" to refer to people of Cuban, Mexican, Puerto Rican, South or Central American, or other Spanish culture or origin.)

Hispanics can be of any race. Tafoya, S. (2004). *Shades of belonging*. Pew Hispanic Center. Retrieved from <http://www.pewhispanic.org/2004/12/06/shades-of-belonging/> As a matter of fact, increasingly more Hispanics are identifying racially as White. In 2004 almost half of Hispanics identified themselves racially as White, while just under half identified themselves as "some other race." *Ibid*. More than 10 years later, approximately 66% of Hispanics now identify themselves racially as White while only 26% identify themselves as "some other

race.”Hispanics in the U.S. fast facts. (Mar 31 2017). CNN. Retrieved from <https://www.cnn.com/2013/09/20/us/hispanics-in-the-u-s-/index.html> The remaining Hispanic population, totaling approximately 7%, identify as either Black, American Indian, Asian, Alaskan Native, Pacific Islander, or Native Hawaiian.[Ibid.](#)

Why would a minority identity group identify racially as White? A Pew study found that the longer Hispanic families lived in the United States, the more likely they were to claim White as their race even if they had not done so in the past.[Liu, E. \(May 30 2014\). Why are Hispanics identifying as white? CNN.](#) This suggests that upward mobility in America may be perceived by some Hispanics to be equated with “Whiteness.”[Ibid.](#) Consequently, Hispanics who self-identify racially as White experience higher rates of education and salary, and lower rates of unemployment.[Tafoya, S. \(2004\). Shades of Belonging. Washington D.C.: Pew Hispanic Center. Retrieved from http://pewhispanic.org/files/reports/35.pdf.](#) Additionally, only 29% of Hispanics polled by the Pew Hispanic Center believe they share a common culture.[Taylor, P., Lopex, M.H., Martinez, J., & Velasco. G. \(2012\). When labels don't fit: Hispanics and their views of identity. Retrieved from http://www.pewhispanic.org/2012/04/04/when-labels-dont-fit-hispanics-and-their-views-of-identity/](#) According to the Pew Research Center, this finding

may be due to the fact that the Hispanic ethnic group in the United States is made up of at least 14 Hispanic origin groups (such as Puerto Rican, Cuban, Spanish, Mexican, Dominican, and Guatemalan, among many others). Flores, A. (Sep 18 2017). How the U.S. Hispanic population is changing. Pew Research Center. Retrieved from [http://www.pewresearch.org/fact-tank/2017/09/18/how-the-u-s-hispanic-population-is-changing/ft\\_17-09-18\\_hispanics\\_ushispanicpop/](http://www.pewresearch.org/fact-tank/2017/09/18/how-the-u-s-hispanic-population-is-changing/ft_17-09-18_hispanics_ushispanicpop/) Each of these groups has its own culture with different customs, values, and norms.

These cultural differences among the various Hispanic groups, combined with different self-perceptions of race, may also affect attitudes toward their workplace environment. For example, one study found that the absenteeism rate among Blacks was related to the level of diversity policies and activities visible in the organization, while the absenteeism rate among Hispanics was similar to that of Whites and not related to those diversity cues. Avery, D.R., McKay, P.F., Wilson, D.C., Tonidandel, S. (2007). Unequal attendance: The relationships between race, organizational diversity cues, and absenteeism. *Personnel Psychology*, 60: 875-902. Results from this study suggest that managers need to be aware of how diversity impacts their workplace, namely addressing the relationship between Hispanic job seekers or workers and organizational outcomes concerning diversity

policies as it may differ from that of other racial minorities.

## **Asian and Asian American**

Asians are the fastest-growing ethnic group in the United States, growing 72% between 2000 and 2015. Lopez, G., Ruiz, N.G., & Patten, E. (2017). Key facts about Asian Americans, a diverse and growing population. Pew Research Center. Retrieved from <http://www.pewresearch.org/fact-tank/2017/09/08/key-facts-about-asian-americans/>

Compared to the rest of the U.S. population overall, households headed by Asian Americans earn more money and are more likely to have household members who hold a bachelor's degree. Ibid. However, there is a wide range of income levels among the Asian population that differs between the more than 19 groups of Asian origin in the United States. Ibid.

Similar to other racial and ethnic minority groups, Asians are stereotyped and face discrimination at work. Society through media often stereotypes Asian men as having limited English-speaking skills and as being highly educated, affluent, analytical, and good at math and science. Ono, K. A., & Pham, V. N. (2009). Asian Americans and the Media. Cambridge, England: Polity.; Paek, H.J., & Shah, H. (2003). Racial ideology, model minorities, and the 'not so silent partner:' Stereotyping of Asian Americans in

U.S. magazine advertising. *Howard Journal of Communications*, 14(4): 225-244. Asian women are often portrayed as weak and docile. Hernandez, T.K. (2000). *Sexual Harassment and Racial Disparity: The Mutual Construction of Gender and Race*. *Gender, Race and Justice* (4J): 183 -224. Retrieved from [http://ir.lawnet.fordham.edu/faculty\\_scholarship/12](http://ir.lawnet.fordham.edu/faculty_scholarship/12) For Asian women, and other minority women as well, social stereotypes depicting them as exotic contribute to reports of sexual harassment from women minority groups. *Ibid*.

The **model minority myth** Committee of 100: American attitudes toward Chinese Americans and Asian Americans. (2004, Summer). *The Diversity Factor*, 12(3): 38-44. Retrieved from <http://www.committee100.org/publications/survey/C100survey.pdf> is a reflection of perceptions targeting Asians and Asian Americans that contrast the stereotypes of “conformity” and “success” of Asian men with stereotypes of “rebelliousness” and “laziness” of other minority men. It also contrasts the stereotyped “exotic” and “obedient” nature of Asian women against the stereotypical beliefs that White women are “independent” and “pure.” Hernandez, T.K. (2000). *Sexual Harassment and Racial Disparity: The Mutual Construction of Gender and Race*. *Gender, Race and Justice* (4J): 183 -224. Retrieved from [http://ir.lawnet.fordham.edu/faculty\\_scholarship/12](http://ir.lawnet.fordham.edu/faculty_scholarship/12) These

perceptions are used not only to invalidate injustice that occurs among other racial minorities, but also to create barriers for Asian and Asian Americans seeking leadership opportunities as they are steered toward “behind the scenes” positions that require less engagement with others. These stereotypes also relegate Asian women into submissive roles in organizations, making it challenging for Asian men and women to advance in rank at the same rate as White male employees. [Committee of 100: American attitudes toward Chinese Americans and Asian Americans. \(2004, Summer\). The Diversity Factor, 12\(3\): 38-44. Retrieved from http://www.committee100.org/publications/survey/C100survey.pdf](http://www.committee100.org/publications/survey/C100survey.pdf)

## **Multiracial**

Although the U.S. Census Bureau estimates that approximately 2% of the U.S. population describes themselves as belonging to more than one race, the Pew Research Center estimates that number should be higher, with around 7% of the U.S. population considered multiracial. [Multiracial in America. \(June 11 2015\) Pew Research Center. Retrieved from http://www.pewsocialtrends.org/2015/06/11/multiracial-in-america/](http://www.pewsocialtrends.org/2015/06/11/multiracial-in-america/) This is due to the fact that some individuals may claim one race for themselves even though they have parents from different racial backgrounds. To complicate matters even more, when collecting data from multiracial group

members, racial identity for individuals in this group may change over time because race is a social construct that is not necessarily based on a shared culture or country of origin in the same way as ethnicity. As a result, multiracial individuals (and Hispanics) have admitted to changing their racial identity over the course of their life and even based on the situation. Approximately 30% of multiracial individuals polled by the Pew Research Center say that they have varied between viewing themselves as belonging to one race or belonging to multiple races. Within the group polled, the order in which they first racially identified as belonging to one racial group versus belonging to more than one group varied.[Ibid.](#)

Despite the fact that multiracial births have risen tenfold between 1970 and 2013,[Ibid.](#) their participation in the labor force is only around 2%.[U.S. Bureau of Labor Statistics. \(2017\). Labor force characteristics by race and ethnicity, 2016. Retrieved from https://www.bls.gov/opub/reports/race-and-ethnicity/2016/home.htm](#) Additionally, multiracial individuals with a White racial background are still considered a racial minority unless they identify themselves solely as White, and approximately 56% of them on average say they have been subjected to racial jokes and slurs.[Ibid.](#) Discrimination also varies when multiracial groups are broken down further, with Black–American Indians having the highest percentage of individuals



reporting discrimination and White–Asians having the lowest percentage.[Ibid.](#)

At work, multiracial employees are sometimes mistaken for races other than their own. If their racial minority background is visible to others, they may experience negative differential treatment. Sometimes they are not identified as having a racial or ethnic minority background and are privy to disparaging comments from unsuspecting coworkers about their own race, which can be demoralizing and can lead to lower organizational attachment and emotional strain related to concealing their identity.[Philips, K.W., Rothbard, N.P., & Dumas, T.L. \(2009\). To disclose or not to disclose? Status distance and self-disclosure in diverse environments. Academy of Management Review, 34\(4\), 710-732.](#)

## **Other Groups**

Approximately 1% of the labor force identifies as American Indian, Alaska Native, Native Hawaiian or Pacific Islander, or some other race.[U.S. Bureau of Labor Statistics. \(2017\). Labor force characteristics by race and ethnicity, 2016. Retrieved from https://www.bls.gov/opub/reports/race-and-ethnicity/2016/home.htm](#)

## **Age**

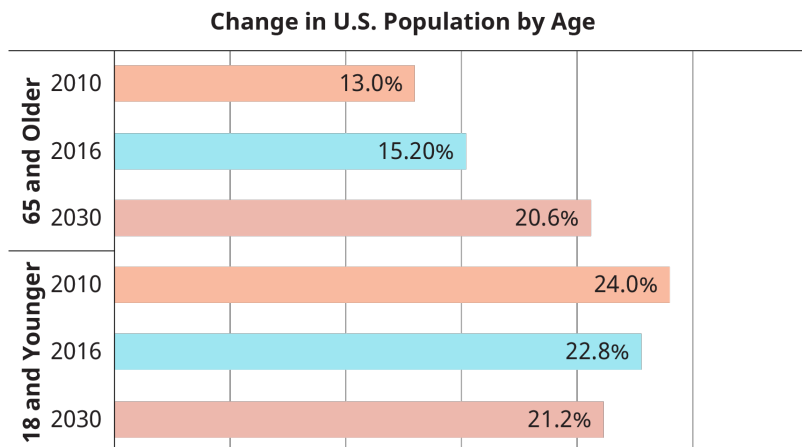
The age distribution of an organization's workforce is an important dimension of workplace diversity as the working population gets older. Some primary factors contributing to an older population include the aging of the large Baby Boomer generation (people born between 1946 and 1964), lower birth rates, and longer life expectancies (Alley, D., & Crimmins, E. 2007. *The demography of aging and work*. In K. S. Shultz & G. A. Adams (Eds.), *Aging and work in the 21st century*: 7-23. New York: Psychology Press. due to advances in medical technology and access to health care. As a result, many individuals work past the traditional age of retirement (65 years old) and work more years than previous generations in order to maintain their cost of living.

[\[link\]](#) compares the percentage of the population over the age of 65 to those under the age of 18 between 2010 and 2016. The number of older individuals has increased and is projected to reach 20.6% by the year 2030 while the number of younger individuals has steadily decreased within that time period. These numbers imply that organizations will increasingly have employees across a wide range of ages, and cross-generational interaction can be difficult to manage. Although older workers are viewed as agreeable and comfortable to work with, they are also stereotyped by some employees as incompetent (Cuddy, A. J. C., & Fiske, S. T. (2002). *Doddering but dear: Process, content,*

and function in stereotyping of older persons. In T. D. Nelson (Ed.), *Ageism: Stereotyping and prejudice against older persons* (pp. 3–26). Cambridge, MA: MIT Press.; Cuddy, A. J. C., Norton, M. I., & Fiske, S. T. (2005). This old stereotype: The pervasiveness and persistence of the elderly stereotype. *Journal of Social Issues*, 61, 267–285. and less interested in learning new tasks at work compared to younger workers. Desmette, D., & Gaillard, M. (2008). When a “worker” becomes an “older worker”: The effects of age-related social identity on attitudes towards retirement and work. *Career Development International*, 13, 168–185. Studies have found support for the proposition that age negatively relates to cognitive functioning. Ng, T. W., & Feldman, D. C. (2008). The relationship of age to ten dimensions of job performance. *Journal of Applied Psychology*, 93, 392–423. However, if managers offer less opportunity to older workers solely because of declining cognitive functioning, it can be detrimental to organizational performance because older workers outperform younger workers on a number of other job performance measures. Compared to younger workers, older workers are more likely to perform above their job expectations and follow safety protocols. They are also less likely to be tardy, absent, or abuse drugs or alcohol at work compared to their younger counterparts.

**Change in U.S. population by age**

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## Sexual Orientation and Gender Identity

Sexual orientation diversity is increasing in the workforce. Bell, M.P., Ozbilgin, M.F., Beauregard, T.A. and Surgevil, O. (2011), “Voice, silence, and diversity in 21st century organizations: strategies for inclusion of gay, lesbian, bisexual, and transgender employees”, *Human Resource Management*, Vol. 50 No. 1, pp. 131-146. However, only 21 states and Washington D.C. prohibit discrimination based on sexual orientation. Human Rights Campaign. (2018). *State maps of laws and policies*. Retrieved from <http://www.hrc.org/state-maps/employment> Without federal protection, individuals who do not live in these states could be overlooked for employment or fired for their sexual orientation unless their employer has policies to protect them. Ragins, B.R., Cornwell, J.M. and Miller, J.S. (2003), “Heterosexism in the workplace: do race

and gender matter?”, *Group & Organization Management*, Vol. 28, pp. 45-74. Many employers are beginning to understand that being perceived as inclusive will make them more attractive to a larger pool of job applicants. Button, S.B. (2001), “Organizational efforts to affirm sexual diversity: a cross-level examination”, *Journal of Applied Psychology*, Vol. 86 No. 1, pp. 17-28. So although the Civil Rights Act does not explicitly provide federal protection to lesbian, gay, bisexual and transgender, and queer/questioning (LGBTQ) employees, more than half of the Fortune 500 companies have corporate policies that protect sexual minorities from discrimination at work and offer domestic-partner benefits. Human Rights Campaign Foundation (2018), “Corporate equality index 2018”, available at: [https://assets2.hrc.org/files/assets/resources/CEI-2018-FullReport.pdf?\\_ga=2.120762824.1791108882.1521675202-2105331900](https://assets2.hrc.org/files/assets/resources/CEI-2018-FullReport.pdf?_ga=2.120762824.1791108882.1521675202-2105331900)

Unfortunately, the percentage of hate crimes relating to sexual orientation discrimination has increased. GLAAD media reference guide (10th ed.). 2016. Los Angeles, CA: Gay and Lesbian Alliance Against Defamation. Retrieved from <http://www.glaad.org/sites/default/files/GLAAD-Media-Reference-Guide-Tenth-Edition.pdf> Indeed, LGBTQ employees are stigmatized so much that in a recent study, researchers found that straight-identifying participants were more attracted to employers with no job security to offer them compared to gay-

friendly employers. Lamber, J. (2015). The impact of gay-friendly recruitment statements and due process employment on a firm's attractiveness as an employer. *Equality, Diversity, and Inclusion: An International Journal*, 34 (6): 510-526. In other words, individuals would waive job security to avoid working with sexual minorities. Also, compared to heterosexuals, sexual minorities have higher education levels Black, D., Gates, G., Sanders, S., & Taylor, L. 2000. Demographics of the gay and lesbian population in the United States: Evidence from available systematic data sources. *Demography*, 37(2): 139-154. but still face hiring and treatment discrimination frequently. Ragins, B.R., Cornwell, J.M., & Miller, J.S. 2003. Heterosexism in the workplace: Do race and gender matter? *Group & Organization Management*, 28: 45-74.; Tilcsik, A. (2011), "Pride and prejudice: employment discrimination against openly gay men in the United States", *American Journal of Sociology*, Vol. 117 No. 2, pp. 586-626.

LGBTQ employees are often faced with the decision of whether or not to be truthful about their sexual orientation at work for fear of being stigmatized and treated unfairly. The decision to not disclose is sometimes called **passing**, and for some it involves a great risk of emotional strain that can affect performance. Clair, J.A., Beatty, J.E., & Maclean, T.L. (2005). Out of sight but not out of mind: Managing invisible social identities in the workplace. *Academy*

of *Management Review*, 30 (1), 78-95. Individuals who pass may distance themselves from coworkers or clients to avoid disclosure about their personal life. This behavior can also result in decreased networking and mentoring opportunities, which over time can limit advancement opportunities. The decision to be transparent about sexual orientation is sometimes called **revealing**.*Ibid.* Just like passing, revealing has its own set of risks including being ostracized, stigmatized, and subjected to other forms of discrimination at work. However, compared to passing, the benefits of building relationships at work and using their identity as a catalyst for tolerance and progressive organizational change may outweigh the risks when LGBTQ employees decide to reveal. The decision to "come out" should be made exclusively by the individual; "outing" someone else as any sexual orientation or gender identity is considered highly inappropriate and hurtful, and may have employment-related consequences.

Research shows that when local or state laws are passed to prevent sexual orientation discrimination, incidents of workplace discrimination decrease.*Barron, G.L. and Hebl, M. (2013), "The force of law: The effects of sexual orientation anti-discrimination legislation on interpersonal discrimination in employment", Psychology, Public Policy, and Law, Vol. 19 No. 2, pp. 191-205.* This same effect occurs when firms adopt policies that

protect the rights of sexual minority employees. Button, S.B. (2001), “Organizational efforts to affirm sexual diversity: a cross-level examination”, *Journal of Applied Psychology*, Vol. 86 No. 1, pp. 17-28. By creating a safe and inclusive work environment for LGBTQ employees, companies can create a culture of tolerance for all employees regardless of their sexual orientation or gender identity.

### Blind Recruiting

An increasing number of companies are testing a new and innovative way of recruiting. *Blind recruiting* is a process by which firms remove any identifying information about applicants during the recruitment process. An example of this may include anonymous applications that omit fields requesting information such as an applicant's name or age. Using computer application technology, some companies like Google administer surveys to their anonymous applicants that measure the abilities required for the job before they are considered in the next step of the recruitment process. Alternatively, companies may request that applicants remove identifying information such as names and address from their resumes before applying for positions. As resumes are received, hiring managers can assign a temporary identification number.



Although more companies are using this method of recruiting, the idea is not new for symphony orchestras, many of which have been using blind auditioning since the 1970s. In some instances musicians audition behind screens so they are evaluated only by their music. This process removes bias associated with race and gender because the performer cannot be seen and only heard. A study investigating this practice examined 11 symphony orchestras that varied on the use of blind auditions. Researchers found that blind auditions increased the likelihood that a woman would be hired by between 25 and 46%. A recruitment process like this can help organizations attract more candidates, hire the best talent, increase their workplace diversity, and avoid discrimination liability.

Sources: Grothaus, M. (Mar 14 2016). How “blind” recruitment works and why you should consider it. Fast Company. Retrieved from <https://www.fastcompany.com/3057631/how-blind-recruitment-works-and-why-you-should-consider>; and Miller, C.C. (Feb 25 2016). Is blind hiring the best hiring? The New York Times Magazine. Retrieved from <https://www.nytimes.com/2016/02/28/magazine/is-blind-hiring-the-best-hiring.html>.

## **Discussion Questions**

1. Should all companies use blind recruiting in place of traditional recruiting, or are there

exceptions that must be considered?

2. If blind recruiting helps eliminate bias during the recruitment process, then what does that say about social media platforms such as Linked In that are commonly used for recruiting applicants? Will using those platforms expose companies to greater liability compared to using more traditional means of recruiting?
3. How does blind recruiting help organizations? How may it hinder organizations?

## Immigrant Workers

Every year a new record is set for the time it takes to reach the U.S. cap of H-1B visas granted to employers. Trautwein, C. Apr 7 2017. H-1B Visa applications just hit their limit for the year in less than a week. Time. Retrieved 4/21/2017 from <http://time.com/4731665/h1b-visa-application-cap/>; U.S. Citizenship and Immigration Services. (2017, Apr 7). USCIS reaches FY 2018 H-1B Cap. Retrieved on 4/21/2017 at <https://www.uscis.gov/news/news-releases/uscis-reaches-fy-2018-h-1b-cap> H-1B visas are a type of **work visa**, a temporary documented status that authorizes individuals to permanently or temporarily live and work in the

United States. U.S. Citizenship and Immigration Services. (2013). Working in the U.S. Retrieved from <http://www.uscis.gov/working-united-states/working-us>; U.S. Department of State, Bureau of Consular Affairs. (2014). Directory of Visa Categories. Retrieved from <http://travel.state.gov/content/visas/english/general/all-visa-categories.html#iv> As a result of the demand for work visas by employers, the number of immigrant workers in the U.S. workforce has steadily grown within the last decade from 15% in 2005 to 17% in 2016. Bureau of Labor Statistics, U.S. Department of Labor. (2016, May 19). Labor force characteristics of foreign-born workers summary. Economic News Release. Retrieved online at <https://www.bls.gov/news.release/forbrn.nr0.htm> Compared to those born in the United States, the immigrant population in America is growing significantly faster. Kandel, W. A. (2011). The US foreign-born population: Trends and selected characteristics. Congressional Research Service Report. Retrieved from <http://www.fas.org/sgp/crs/misc/R41592.pdf> This is partly because of the U.S. demand for workers who are proficient in math and science. Bound, J., Demirci, M., Khanna, G., & Turner, S. (2014). Finishing degrees and finding jobs: U.S. higher education and the flow of foreign IT workers (NBER Working Paper No. 20505). Retrieved January 4, 2015, from <http://www.nber.org/papers/w20505> and wish to work in America.

Although a huge demand for immigrant labor exists in the United States, immigrant labor exploitation occurs, with immigrant employees receiving lower wages and working longer hours compared to American workers. Avery, D. R., Tonidandel, S., Volpone, S. D., & Raghuram, A. (2010). Overworked in America?: How work hours, immigrant status, and interpersonal justice affect perceived work overload. *Journal of Managerial Psychology*, 25(2), 133–147.; Bloomekatz, R. (2007). Rethinking immigration status discrimination and exploitation in the low-wage workplace. *UCLA Law Review*, 54, 1963-2010. Foreign-born job seekers are attracted to companies that emphasize work visa sponsorship for international employees, yet they are still mindful of their vulnerability to unethical employers who may try to exploit them. For example, Lambert and colleagues found that some of the job-seeking MBA students from the Philippines in their study believed that companies perceived to value international diversity and sponsor H-1B visas signaled a company wishing to exploit workers. Lambert, J.R., Basuil, D.A., Bell, M.P., & Marquardt, D. (2017). Coming to America: Work Visas, International Diversity, and Organizational Attractiveness among Highly Skilled Asian Immigrants. *International Journal of Human Resource Management*, 1-27. Others believed that those types of companies might yield diminishing returns to each Filipino in the company because their token value becomes limited. In news stories,

companies have been accused of drastically shortchanging foreign student interns on their weekly wages. Jamieson, D. (2011). Student guest workers at Hershey plant allege exploitative conditions. Huffington Post. Retrieved from [http://www.huffingtonpost.com/2011/08/17/student-guestworkers-at-hershey-plant\\_n\\_930014.html](http://www.huffingtonpost.com/2011/08/17/student-guestworkers-at-hershey-plant_n_930014.html). In another case, Infosys, a technology consulting company, paid \$34 million to settle allegations of visa fraud due to suspicion of underpaying foreign workers to increase profits. Wigglesworth, V. (2013). Tech giant Infosys settles allegation of visa fraud in Plano office for \$34 million. Dallas News. Retrieved from [http://www.dallasnews.com/news/community-news/plano/headlines/20131030-tech-giant-infosys-settles-allegations-of-visa-fraud-in-plano-office-for-34-million.ece?nclick\\_check=1](http://www.dallasnews.com/news/community-news/plano/headlines/20131030-tech-giant-infosys-settles-allegations-of-visa-fraud-in-plano-office-for-34-million.ece?nclick_check=1)

## Other Forms of Diversity at Work

Workers with disabilities are projected to experience a 10% increase in job growth through the year 2022. U.S. Department of Labor. (2012). Key points on Disability and Occupational Projections Tables. Retrieved from <https://www.dol.gov/odep/pdf/20141022-KeyPoints.pdf> This means that more public and corporate policies will be revised to allow greater access to training for workers with disabilities and employers. Ibid. Also, more companies will use technology and emphasize

educating employees about physical and mental disabilities as workplace accommodations are used more often.

In the past, the United States has traditionally been a country with citizens who predominantly practice the Christian faith. However, over the past almost 30 years the percentage of Americans who identify as Christian has significantly decreased—by approximately 12%. Over that same time period, affiliation with other religions overall increased by approximately 25%. [U.S. Census Bureau. \(2008\). Table 75. Self-Described Religious Identification of Adult Population: 1990, 2001 and 2008. Retrieved from https://www2.census.gov/library/publications/2010/compendia/statab/130ed/tables/11s0075.pdf](https://www2.census.gov/library/publications/2010/compendia/statab/130ed/tables/11s0075.pdf) The increase in immigrant workers from Asian and Middle Eastern countries means that employers must be prepared to accommodate religious beliefs other than Christianity. Although federal legislation protects employees from discrimination on the basis of race, religion, and disability status, many employers have put in place policies of their own to deal with the variety of diversity that is increasingly entering the workforce.

1. How is diversity defined in relation to the workplace?

## 2. What are the components that make up a diverse workplace and workforce?

### 1. How diverse is the workforce?

In analyzing the diversity of the workforce, several measures can be used. Demographic measures such as gender and race can be used to measure group sizes. Measures of such things as discrimination toward specific groups can be analyzed to gauge the diversity of the workforce. Other measures of diversity in the workforce can include examination of differences in age and sexual orientation.

## Glossary

### glass ceiling

An invisible barrier based on the prejudicial beliefs of organizational decision makers that prevents women from moving beyond certain levels within a company.

### model minority myth

A stereotype that portrays Asian men and women as obedient and successful and is often used to justify socioeconomic disparities between other racial minority groups.

passing

The decision to not disclose one's invisible social identity.

revealing

The decision to disclose one's invisible social identity.

sexual harassment

Harassment based on a person's sex, and can (but does not have to) include unwanted sexual advances, requests for sexual favors, or physical and verbal acts of a sexual nature.

work visa

A temporary documented status that authorizes individuals from other countries to permanently or temporarily live and work in the United States.



## Diversity and Its Impact on Companies

### 1. How does diversity impact companies and the workforce?

Due to trends in globalization and increasing ethnic and gender diversity, it is imperative that employers learn how to manage cultural differences and individual work attitudes. As the labor force becomes more diverse there are both opportunities and challenges to managing employees in a diverse work climate. Opportunities include gaining a competitive edge by embracing change in the marketplace and the labor force. Challenges include effectively managing employees with different attitudes, values, and beliefs, in addition to avoiding liability when leadership handles various work situations improperly.

## Reaping the Advantages of Diversity

The business case for diversity introduced by Taylor Cox and Stacy Blake outlines how companies may obtain a competitive advantage by embracing workplace diversity. [Cox, T.H. & Blake, S. \(1991\). Managing cultural diversity: Implications for organizational competitiveness. Academy of Management Executive, 5\(3\): 45-56.](#) Six opportunities that companies may receive when

pursuing a strategy that values diversity include cost advantages, improved resource acquisition, greater marketing ability, system flexibility, and enhanced creativity and better problem solving (see [\[link\]](#) ).

### Managing Cultural Diversity

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### Cost Advantages

Traits such as race, gender, age, and religion are

protected by federal legislation against various forms of discrimination (covered later in this chapter). Organizations that have policies and procedures in place that encourage tolerance for a work climate of diversity and protect female and minority employees and applicants from discrimination may reduce their likelihood of being sued due to workplace discrimination. Cox and Blake identify this decreased liability as an opportunity for organizations to reduce potential expenses in lawsuit damages compared to other organizations that do not have such policies in place.

Additionally, organizations with a more visible climate of diversity experience lower turnover among women and minorities compared to companies that are perceived to not value diversity. Williams, K., & O'Reilly, CA. 1998. Demography and diversity: A review of 40 years of research. In B. Staw and R. Sutton (Eds.), *Research in organizational behavior*, 20: 77-140. Greenwich, CT: JAI Press. Turnover costs can be substantial for companies over time, and diverse companies may ameliorate turnover by retaining their female and minority employees. Although there is also research showing that organizations that value diversity experience a higher turnover of White employees and male employees compared to companies that are less diverse, Tsui, A.S., Egan, T. D., & O'Reilly, C.A. 1992. *Being different: relational demography*

and organizational attachment. *Administrative Science Quarterly*, 37: 549-579. some experts believe this is due to a lack of understanding of how to effectively manage diversity. Also, some research shows that Whites with a strong ethnic identity are attracted to diverse organizations similarly to non-Whites. Kim, S.S. & Gelfand, M. J. (2003). The influence of ethnic identity on perceptions of organizational recruitment. *Journal of Vocational Behavior*, 63: 396- 416.

## **Resource Acquisition**

Human capital is an important resource of organizations, and it is acquired through the knowledge, skills, and abilities of employees. Organizations perceived to value diversity attract more women and minority job applicants to hire as employees. Studies show that women and minorities have greater job-pursuit intentions and higher attraction toward organizations that promote workplace diversity in their recruitment materials compared to organizations that do not. Perkins, L. A., Thomas, K. M., & Taylor, G. A. 2000. Advertising and recruitment: Marketing to minorities. *Psychology and Marketing*, 17: 235-255.; Thomas, K.M., & Wise, P.G. 1999. Organizational attractiveness and individual differences: Are diverse applicants attracted by different factors? *Journal of Business and Psychology*, 13: 375-390. When employers attract minority applicants, their

labor pool increases in size compared to organizations that are not attractive to them. As organizations attract more job candidates, the chances of hiring quality employees increases, especially for jobs that demand highly skilled labor. In summary, organizations gain a competitive advantage by enlarging their labor pool by attracting women and minorities.

## **Marketing**

When organizations employ individuals from different backgrounds, they gain broad perspectives regarding consumer preferences of different cultures. Organizations can gain insightful knowledge and feedback from demographic markets about the products and services they provide. Additionally, organizations that value diversity enhance their reputation with the market they serve, thereby attracting new customers.

## **System Flexibility**

When employees are placed in a culturally diverse work environment, they learn to interact effectively with individuals who possess different attitudes, values, and beliefs. Cox and Blake contend that the ability to effectively interact with individuals who differ from oneself builds *cognitive flexibility*, the ability to think about things differently and adapt one's perspective. When employees possess

cognitive flexibility, system flexibility develops at the organizational level. Employees learn from each other how to tolerate differences in opinions and ideas, which allows communication to flow more freely and group interaction to be more effective.

## **Creativity and Problem Solving**

Teams from diverse backgrounds produce multiple points of view, which can lead to innovative ideas. Different perspectives lead to a greater number of choices to select from when addressing a problem or issue.

Life experience varies from person to person, sometimes based on race, age, or sex. Creativity has the opportunity to flourish when those experiences are shared. Diverse teams not only produce more alternatives, but generate a broader range of perspectives to address tasks and problems. One way in which diverse teams enhance problem-solving ability is by preventing **groupthink**, [Janis, I.L. \(1972\). Victims of groupthink: A psychological study of foreign policy decisions and fiascos. Boston: Houghton Mifflin Company.](#) a dysfunction in decision-making that occurs in homogeneous groups as a result of group pressures and group members' desire for conformity and consensus. Diverse group membership prevents groupthink because individuals from varied backgrounds with different values, attitudes, and beliefs can test the

assumptions and reasoning of group members' ideas.

## **Aligning Diversity Programs with an Organization's Mission and Strategic Goals**

Diversity helps organizations perform best when it is aligned with a specific business strategy. For example, when companies use heterogeneous management teams that are directed by an entrepreneurial strategy focusing on innovation, the companies' productivity increases.

When an entrepreneurial strategy is not present, however, team diversity has little effect on productivity. [Richard, O.C., Barnett, T., Dwyer, S., Chadwick, K. \(2004\). Cultural diversity in management, firm performance, and the moderating role of entrepreneurial orientation dimensions. Academy of Management Journal, 47 \(2\): 255-266.](#) An entrepreneurial strategy includes innovation that reflects a company's commitment to being creative, supporting new ideas, and supporting experimentation as a way to gain a competitive advantage. In other words, managers may properly utilize the multiple perspectives that emerge from heterogeneous teams by integrating them as a resource for pursuing the overall strategy of the organization.

## Using Human Resources Tools Strategically

To effectively align diversity with an organization's strategy, the human resources function must be able to engage employees at dynamic levels. Using a strategic human resources management approach to an organization can successfully integrate diversity with the organization's goals and objectives. [McMahan, G.C., Bell, M.P., & Virick, M. \(1998\). Strategic human resource management: Employee involvement, diversity, and international issues. Human Resource Management Review, 8 \(3\): 193-214.](#) **Strategic human resources management (SHRM)** is a system of activities arranged to engage employees in a manner that assists the organization in achieving a sustainable competitive advantage. SHRM practices vertically integrate with the mission and strategy of the organization while horizontally integrating human resources activities across its functional areas. By doing so, a unique set of resources can be made available to specific to the needs of the organization. Furthermore, when human resources becomes a part of the strategic planning process instead of just providing ancillary services, improved communication, knowledge sharing, and greater synergy between decision makers can occur within the organization to improve organizational functioning.



The **resource-based view** of the firm has been used to support the argument for diversity because it demonstrates how a diverse workforce can create a sustainable competitive advantage for organizations. Based on the resource-based view of the firm, when companies possess resources that are rare, valuable, difficult to imitate, and non-substitutable, a sustained competitive advantage can be attained. [Barney, J. \(1991\). Firm resources and sustained competitive advantage. Journal of Management, 17\(1\): 99-120.](#) The SHRM approach assumes that human capital—the current and potential knowledge, skills, and abilities of employees—is instrumental to every organization's success and sustainability and longevity.

If a diverse composition of employees within organizations is rare, employing minorities in positions of leadership is even rarer. One exception is Northern Trust, an investment management firm that was recently listed on Forbes magazine's 2018 Best Employers for Diversity list. [Kauflin, J. \(Jan 23 2018\). America's best employers for diversity. Forbes. Retrieved from https://www.forbes.com/sites/jeffkauflin/2018/01/23/americas-best-employers-for-diversity/#84f151c71647](#) Thirty-eight percent of Northern Trust's top executives are women, which is impressive because it matches the average percentage of women in full-time one-year MBA programs over the past five years. [Graduate Management Admission Council. \(Oct 6 2016\) Where](#)

are women in graduate business school? Retrieved from <https://www.gmac.com/market-intelligence-and-research/research-insights/application-trends/where-are-women-in-graduate-business-school.aspx>

The average for S&P 500 companies is just 27%. In addition, African Americans make up 23% of Northern Trust's board, which also demonstrates the commitment Northern Trust has to diversity. This rare degree of diversity helps Northern Trust become an employer of choice for minorities and women. In turn, attracting minority applicants increases the labor pool available to Northern Trust and increases its ability to find good talent.

### **Bank staff watching presentation**

The Disability Awareness Players present to the staff at Northern Trust. (Credit: JJ's List/ flickr/ Attribution 2.0 Generic (CC BY 2.0))



Diverse companies may capitalize on the multiple perspectives that employees from different backgrounds contribute to problem solving and idea generation. In group settings, members from collectivist cultures from Asia and South America, for example, engage with others on tasks differently than members from North America. Similarly, Asians, Blacks, and Hispanics usually act more collectively and engage more interdependently than Whites, who are generally more individualistic. More harmonious working interactions benefit group cohesion and team performance, [Cox, T. H., Lobel, S. A., & McLeod, P. L. \(1991\). Effects of ethnic group cultural differences on cooperative and competitive behavior on a group task. \*Academy of management journal\*, 34\(4\), 827-847.](#) and employees can grasp better ways of doing things when there is a diverse population to learn from.

For a company to attain a sustained competitive advantage, its human resource practices must be difficult to copy or imitate. As we will see later in the chapter, companies may hold one of three perspectives on workplace diversity. The integration and learning perspective results in the best outcomes for employees and the organization. However, it is not easy to become an employer that can effectively manage diversity and avoid the challenges we learned about earlier in this chapter. Historical conditions and often-complex interplay between various organizational units over time can

contribute to a company's ability to perform effectively as a diverse organization. Best practices for targeting diverse applicants or resolving conflicts based on cultural differences between employees may occur organically and later become codified into the organizational culture. Sometimes, however, the origin of diversity practices is unknown because they arose from cooperation among different functional areas (e.g., marketing and human resources working strategically with leadership to develop recruitment ideas) that occurred so long ago that not even the company itself, let alone other companies, could replicate the process.

## **Diversity and Organizational Performance**

Research indicates that having diversity in an organization produces mixed results for its success. Some studies show a positive relationship, some show a negative relationship, and others show no relationship between diversity and performance. Some researchers believe that although findings regarding a direct relationship between diversity and success in the marketplace may be inconsistent, the relationship may be due to other variables not taken into account.

Taking the resource-based view perspective, Richard

and colleagues demonstrated that racially diverse banking institutions focused on innovation experienced greater performance than did racially diverse banks with a low focus on innovation. Richard, O.C., Barnett, T., Dwyer, S., Chadwick, K. (2004). Cultural diversity in management, firm performance, and the moderating role of entrepreneurial orientation dimensions. *Academy of Management Journal*, 47 (2): 255-266. These findings suggest that for the potential of racial diversity to be fully realized, companies should properly manage the system flexibility, creativity, and problem-solving abilities used in an innovative strategy. Other studies show that when top management includes female leadership, firm performance improves when organizations are innovation driven. Dezso, C.L., & Ross, D.G. (2012). Does female representation in top management improve firm performance? A panel data investigation. *Strategic Management Journal*, 33: 1072-1089.

1. What are the challenges and opportunities that diversity provides to companies?
2. What are the responsibilities of human resources regarding diversity?
3. Can diversity be a strategic advantage to organizations?

## 1. How does diversity impact companies and the workforce?

The demography of the labor force is changing in many ways as it becomes racially diverse and older and includes more women and individuals with disabilities. Diversity affects how organizations understand that employing people who hold multiple perspectives increases the need to mitigate conflict between workers from different identity groups, enhances creativity and problem solving in teams, and serves as a resource to create a competitive advantage for the organization.

## Glossary

### groupthink

A dysfunction in decision-making that is common in homogeneous groups due to group pressures and group members' desire for conformity and consensus.

### strategic human resources management (SHRM)

System of activities arranged to engage employees in a manner that assists the organization in achieving a sustainable competitive advantage.

### resource-based view

Demonstrates how a diverse workforce can create a sustainable competitive advantage for organizations.

## Challenges of Diversity

1. What is workplace discrimination, and how does it affect different social identity groups?

Although diversity has its benefits, there are also challenges that managers must face that can only be addressed with proper leadership. Some of the most common challenges observed in organizations and studied in research include lower organizational attachment and misunderstanding work diversity initiatives and programs.

### Lower Organizational Attachment

Although diversity programs attract and retain women and minorities, they may have the opposite effect on other, nonminority employees. When diversity is not managed effectively, White and male employees can feel alienated from or targeted by the organization as diversity programs are put in place. A study that examined 151 work groups across three large organizations investigated whether the proportion of group membership based on race or sex affected the group members' absentee rates, psychological attachment to their work group, and turnover intentions, Tsui, A.S., Egan, T. D., & O'Reilly, C.A. 1992. Being different: relational demography and organizational attachment.



[Administrative Science Quarterly, 37: 549-579.](#)

three factors that play significant roles in an employee's attachment to their organization. Results showed a positive relationship between group heterogeneity and lower organizational attachment, higher turnover intentions, and greater frequency of absences for men and for White group members. In other words, as work group diversity increased, White employees and male employees felt less attached to the organization and were more likely to quit. Because heterogeneous groups improve creativity and judgement, managers should not avoid using them because they may be challenging to manage. Instead, employers need to make sure they understand the communication structure and decision-making styles of their work groups and seek feedback from employees to learn how dominant group members may adjust to diversity.

## **Legal Challenges and Diversity**

The legal system is used to combat discrimination. Among the ways that we will cover here are reverse discrimination, workplace discrimination, harassment, age discrimination, disability discrimination, national origin discrimination, pregnancy discrimination, race/color discrimination, religious discrimination, sex-based discrimination and other forms of discrimination.

## Reverse Discrimination

As research shows, workplace discrimination against women and racial or ethnic minorities is common.

**Reverse discrimination** is a term that has been used to describe a situation in which dominant group members perceive that they are experiencing discrimination based on their race or sex. This type of discrimination is uncommon, but is usually claimed when the dominant group perceives that members of a protected (diverse) class of citizens are given preference in workplace or educational opportunities based not on their merit or talents, but on a prescribed preferential treatment awarded only on the basis of race or sex.

Research conducted in the 1990s shows that only six federal cases of reverse discrimination were upheld over a four-year period (1990–1994), and only 100 of the 3,000 cases for discrimination over that same four-year period were claims of reverse discrimination. [New York Times. \(March 31, 1995\). Reverse discrimination complaints rare, labor study reports. Retrieved from https://www.nytimes.com/1995/03/31/us/reverse-discrimination-complaints-rare-labor-study-reports.html](https://www.nytimes.com/1995/03/31/us/reverse-discrimination-complaints-rare-labor-study-reports.html) Interestingly, a recent poll administered by the Robert Wood Johnson Foundation and the Harvard T.H. Chan School of Public Health found that a little more than half of White Americans believe that White people face

discrimination overall, and 19% believe they have experienced hiring discrimination due to the color of their skin. Mosbergen, D. (Oct 25 2017). Majority of White Americans believe White people face discrimination. Huff Post. Retrieved from [https://www.huffingtonpost.com/entry/white-americans-discrimination-poll-npr\\_us\\_59f03071e4b04917c594209a](https://www.huffingtonpost.com/entry/white-americans-discrimination-poll-npr_us_59f03071e4b04917c594209a) This misperception stems in part from the recalibration of the labor force as it become more balanced due to increased equal employment opportunities for everyone. Members of dominant identity groups, Whites and men, perceive fewer opportunities for themselves when they observe the workforce becoming more diverse. In reality, the workforce of a majority of companies is still predominantly White and male employees. The only difference is that legislation protecting employees from discrimination and improvements in equal access to education have created opportunities for minority group members when before there were none.

## **Workplace Discrimination**

**Workplace discrimination** occurs when an employee or an applicant is treated unfairly at work or in the job-hiring process due to an identity group, condition, or personal characteristic such as the ones mentioned above. Discrimination can occur through marital status, for example when a person experiences workplace discrimination because of the

characteristics of a person to whom they are married. Discrimination can also occur when the offender is of the same protected status of the victim, for example when someone discriminates against someone based on a national origin that they both share.

**The Equal Employment Opportunity Commission (EEOC)** was created by Title VII of the Civil Rights Act of 1964 with the primary goal of making it illegal to discriminate against someone in the workplace due to their race, national origin, sex, disability, religion, or pregnancy status. [U.S. Equal Employment Opportunity Commission. \(2018\).](#)

[About EEOC. Retrieved from https://](#)

[www.eeoc.gov/eeoc/](https://www.eeoc.gov/eeoc/) The EEOC enforces laws and issues guidelines for employment-related treatment. It also has the authority to investigate charges of workplace discrimination, attempt to settle the charges, and, if necessary, file lawsuits when the law has been broken.

All types of workplace discrimination are prohibited under different laws enacted and enforced by the EEOC, which also considers workplace harassment and sexual harassment forms of workplace discrimination and mandates that men and women must be given the same pay for equal

work. [Discrimination by Type. https://](#)

[www.eeoc.gov/laws/types/index.cfm](https://www.eeoc.gov/laws/types/index.cfm) (Accessed February 15, 2018); [Equal Pay and Compensation](#)

**Discrimination.** <https://www.eeoc.gov/laws/types/equalcompensation.cfm> (Accessed February 15, 2018)

The provision for equal pay is covered under the **Equal Pay Act of 1963**, which was an amendment to the Fair Labor Standards Act of 1938. Virtually all employers are subject to the provisions of the act, which was an attempt to address pay inequities between men and women. More than 50 years later, however, women still earn about 80 cents to every dollar that men earn, even while performing the same or similar jobs.**Institute for Women's Policy Research.** <https://www.iwpr.org> (Accessed February 22, 2018)

## **Harassment**

**Harassment** is any unwelcome conduct that is based on characteristics such as age, race, national origin, disability, sex, or pregnancy status. Harassment is a form of workplace discrimination that violates Title VII of the Civil Rights Act of 1964, the Age Discrimination in Employment Act of 1967, and the Americans with Disabilities Act of 1990.**U.S. Equal Employment Opportunity Commission.** <https://www.eeoc.gov> (Accessed February 22, 2018)

**Sexual harassment** specifically refers to harassment based on a person's sex, and it can (but does not

have to) include unwanted sexual advances, requests for sexual favors, or physical and verbal acts of a sexual nature. Though members of any sex can be the victim of sexual harassment, women are the primary targets of this type of harassment. **Harassment.** <https://www.eeoc.gov/laws/types/harassment.cfm> (Accessed February 22, 2018)

## **Age Discrimination**

**Age discrimination** consists of treating an employee or applicant less favorably due to their age. The **Age Discrimination in Employment Act (ADEA)** forbids discrimination against individuals who are age 40 and above. The act prohibits harassment because of age, which can include offensive or derogatory remarks that create a hostile work environment. **Age Discrimination.** <https://www.eeoc.gov/laws/types/age.cfm> (Accessed February 22, 2018)

## **Disability Discrimination**

A person with a disability is a person who has a physical or mental impairment that limits one or more of the person's life actions. **Disability discrimination** occurs when an employee or applicant who is covered by the **Americans with Disabilities Act (ADA)** is treated unfavorably due to their physical or mental disability. The ADA is a

civil rights law that prohibits discrimination in employment, public services, public accommodations, and telecommunications against people with disabilities. [ADA at 25. The Law. https://www.eeoc.gov/eeoc/history/ada25th/thelaw.cfm](https://www.eeoc.gov/eeoc/history/ada25th/thelaw.cfm) (Accessed November 26, 2017). To be covered under the ADA, individuals must be able to perform the essential functions of their job with or without reasonable accommodations. Research has shown that reasonable accommodations are typically of no or low cost (less than \$100) to employers. [Disability Discrimination. https://www.eeoc.gov/laws/types/disability.cfm](https://www.eeoc.gov/laws/types/disability.cfm) (Accessed February 27, 2018)

## **National Origin Discrimination**

**National origin discrimination** involves treating someone unfavorably because of their country of origin, accent, ethnicity, or appearance. EEOC regulations make it illegal to implement an employment practice or policy that applies to everyone if it has a negative impact on people of a certain national origin. For example, employers cannot institute an “English-only” language policy unless speaking English at all times is essential to ensure the safe and efficient operation of the business. Employers also cannot mandate employees be fluent in English unless fluency in English is essential to satisfactory job performance. The EEOC also prohibits businesses from hiring only U.S.

citizens or lawful residents unless the business is required by law to do so. **National Origin Discrimination.** <https://www.eeoc.gov/laws/types/nationalorigin.cfm> (Accessed February 27, 2018)

## **Pregnancy Discrimination**

**Pregnancy discrimination** involves treating an employee or applicant unfairly because of pregnancy status, childbirth, or medical conditions related to pregnancy or childbirth. The **Pregnancy Discrimination Act (PDA)** prohibits any discrimination as it relates to pregnancy in any of the following areas: hiring, firing, compensation, training, job assignment, insurance, or any other employment conditions. Further, certain conditions that result from pregnancy may be protected under the ADA, which means employers may need to make reasonable accommodations for any employee with disabilities related to pregnancy.

Under the **Family and Medical Leave Act (FMLA)**, new parents, including adoptive and foster parents, may be eligible for 12 weeks of unpaid leave (or paid leave only if earned by the employee) to care for the new child. Also, nursing mothers have the right to express milk on workplace premises. **Pregnancy Discrimination.** <https://www.eeoc.gov/laws/types/pregnancy.cfm> (Accessed February 27, 2018)



## **Race/Color Discrimination**

**Race/color discrimination** involves treating employees or applicants unfairly because of their race or because of physical characteristics typically associated with race such as skin color, hair color, hair texture, or certain facial features.

As with national origin discrimination, certain workplace policies that apply to all employees may be unlawful if they unfairly disadvantage employees of a certain race. Policies that specify that certain hairstyles must or must not be worn, for example, may unfairly impact African American employees, and such policies are prohibited unless their enforcement is necessary to the operations of the business.**Race/Color Discrimination.** [https://www.eeoc.gov/laws/types/race\\_color.cfm](https://www.eeoc.gov/laws/types/race_color.cfm) (Accessed February 27, 2018)

## **Religious Discrimination**

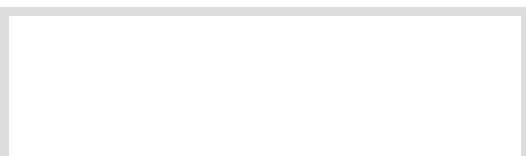
**Religious discrimination** occurs when employees or applicants are treated unfairly because of their religious beliefs. The laws protect those who belong to traditional organized religions and those who do not belong to organized religions but hold strong religious, ethical, or moral beliefs of some kind. Employers must make reasonable accommodations for employees' religious beliefs, which may include flexible scheduling or modifications to workplace

practices. Employees are also permitted accommodation when it comes to religious dress and grooming practices, unless such accommodations will place an undue burden on the employer. Employees are also protected from having to participate (or not participate) in certain religious practices as terms of their employment. [Religious Discrimination. https://www.eeoc.gov/laws/types/religion.cfm](https://www.eeoc.gov/laws/types/religion.cfm) (Accessed February 27, 2018)

## **Sex-Based Discrimination**

**Sex-based discrimination** occurs when employees or applicants are treated unfairly because of their sex. This form of discrimination includes unfair treatment due to gender, transgender status, and sexual orientation. Harassment and policies that unfairly impact certain groups protected under sex discrimination laws are prohibited under EEOC legislation. [Sex-Based Discrimination. https://www.eeoc.gov/laws/types/sex.cfm](https://www.eeoc.gov/laws/types/sex.cfm) (Accessed February 27, 2018)

The key diversity-related federal laws are summarized in [\[link\]](#).



## **Key Diversity Related Legislation**

### **Title VII of the Civil Rights Act of 1964**

Created the Equal Employment Opportunity Commission with the primary role of making it illegal to discriminate against someone in the workplace due to their race, national origin, sex, disability, religion, or pregnancy status.

### **Equal Pay Act of 1963**

Mandates that men and women must be given the same pay for equal work

### **Age Discrimination in Employment Act (ADEA)**

Forbids discrimination against individuals who are age 40 and above.

### **Americans with Disabilities Act (ADA)**

Prohibits discrimination against people with disabilities in employment, public services, public accommodations, and in telecommunications

### **Pregnancy Discrimination Act (PDA)**

Prohibits any discrimination as it relates to pregnancy, including hiring, firing, compensation, training, job assignment,

### Family and Medical Leave Act (FMLA)

insurance, or any other employment conditions. Grants new parents up to 12 weeks of paid or unpaid leave to care for the new child, and gives nursing mothers the right to express milk on workplace premises.

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### Other Types of Discrimination

Beyond the key types of discrimination outlined by the EEOC, diversity and management scholars have identified other types of discrimination that frequently impact certain identity groups more than others. **Access discrimination** is a catchall term that describes when people are denied employment opportunities because of their identity group or personal characteristics such as sex, race, age, or other factors. **Treatment discrimination** describes a situation in which people are employed but are treated differently while employed, mainly by receiving different and unequal job-related opportunities or rewards. [Bell, Myrtle P. Diversity in organizations. Cengage Learning, 2011.](#) Scholars have also identified a form of discrimination called **interpersonal** or **covert discrimination** that

involves discrimination that manifests itself in ways that are not visible or readily identifiable, yet is serious because it can impact interpersonal interactions between employees, employees and customers, and other important workplace relationships.

This type of discrimination poses unique challenges because it is difficult to identify. For example, one study examining customer service and discrimination found that obese customers were more likely to experience interpersonal discrimination than average-weight customers. Salespersons spent less time interacting with obese customers than average-weight customers, and average-weight customers reported more positive interactions with salespeople when asked about standard customer service metrics such as being smiled at, receiving eye contact, and perceived friendliness. King, Eden B., et al. "The stigma of obesity in customer service: A mechanism for remediation and bottom-line consequences of interpersonal discrimination." *Journal of Applied Psychology* 91.3 (2006): 579.

1. What is the role of the EEOC?
2. What are the types of discrimination encountered in the workplace?

# 1. What is workplace discrimination, and how does it affect different social identity groups?

Workplace discrimination occurs when an employee or an applicant is treated unfairly at work or in the job-hiring process due to an identity group, condition, or personal characteristic such as age, race, national origin, sex, disability, religion, or pregnancy status. The Equal Employment Opportunity Commission enforces laws and legislation related to individuals with those protected statuses.

Harassment is any unwelcome conduct that is based on the protected characteristics listed above. Sexual harassment refers specifically to harassment based on a person's sex, and it can (but does not have to) include unwanted sexual advances, requests for sexual favors, or physical and verbal acts of a sexual nature.

## Glossary

### reverse discrimination

Describes a situation in which dominant group members perceive that they are experiencing discrimination based on their race or sex.

## Equal Pay Act of 1963

An amendment to the Fair Labor Standards Act of 1938.

## harassment

Any unwelcome conduct that is based on characteristics such as age, race, national origin, disability, sex, or pregnancy status.

## sexual harassment

Harassment based on a person's sex; it can (but does not have to) include unwanted sexual advances, requests for sexual favors, or physical and verbal acts of a sexual nature.

## age discrimination

Treating an employee or applicant less favorably due to their age.

## Age Discrimination in Employment Act (ADEA)

Forbids discrimination against individuals who are age 40 and above, including offensive or derogatory remarks that create a hostile work environment.

## disability discrimination

Occurs when an employee or applicant is treated unfavorably due to their physical or mental disability.

## Americans with Disabilities Act (ADA)

Prohibits discrimination in employment,

public services, public accommodations, and telecommunications against people with disabilities.

national origin discrimination

Treating someone unfavorably because of their country of origin, accent, ethnicity, or appearance.

pregnancy discrimination

Treating an employee or applicant unfairly because of pregnancy status, childbirth, or medical conditions related to pregnancy or childbirth.

Pregnancy Discrimination Act (PDA)

Prohibits any discrimination as it relates to pregnancy in hiring, firing, compensation, training, job assignment, insurance, or any other employment conditions.

Family and Medical Leave Act (FMLA)

Provides new parents, including adoptive and foster parents, with 12 weeks of unpaid leave (or paid leave only if earned by the employee) to care for the new child and requires that nursing mothers have the right to express milk on workplace premises.

race/color discrimination

Treating employees or applicants unfairly because of their race or because of physical



characteristics typically associated with race such as skin color, hair color, hair texture, or certain facial features.

religious discrimination

When employees or applicants are treated unfairly because of their religious beliefs.

sex-based discrimination

When employees or applicants are treated unfairly because of their sex, including unfair treatment due to gender, transgender status, or sexual orientation.

access discrimination

A catchall term that describes when people are denied employment opportunities because of their identity group or personal characteristics such as sex, race, or age.

covert discrimination (interpersonal)

An interpersonal form of discrimination that manifests in ways that are not visible or readily identifiable.

Equal Employment Opportunity Commission

An organization that enforces laws and issues guidelines for employment-related treatment according to Title VII of the Civil Rights Act of 1964.

treatment discrimination

A situation in which people are employed but are treated differently while employed, mainly by receiving different and unequal job-related opportunities or rewards.

workplace discrimination

Unfair treatment in the job hiring process or at work that is based on the identity group, physical or mental condition, or personal characteristic of an applicant or employee.

## Key Diversity Theories

1. What key theories help managers understand the benefits and challenges of managing the diverse workforce?

Many theories relevant to managing the diverse workforce center on an individual's reactions (such as categorization and assessment of the characteristics of others) to people who are different from the individual. Competing viewpoints attempt to explain how diversity is either harmful or beneficial to organizational outcomes.

- The **cognitive diversity hypothesis** suggests that multiple perspectives stemming from the cultural differences between group or organizational members result in creative problem solving and innovation.
- The **similarity-attraction paradigm** and **social identity theory** hold that individuals' preferences for interacting with others like themselves can result in diversity having a negative effect on group and organizational outcomes.
- The **justification-suppression model** explains under what conditions individuals act on their prejudices.

# Cognitive Diversity Hypothesis

Some research shows that diversity has no relationship to group performance, and some shows that there is a relationship. Of the latter research, some shows a negative relationship (greater diversity means poorer group performance, less diversity means better group performance) and some shows a positive relationship.

These various findings may be due to the difference in how diversity can affect group members.

**Cognitive diversity** refers to differences between team members in characteristics such as expertise, experiences, and perspectives. [Miller, C. C., Burke, L. M., & Glick, W. H. 1998. Cognitive diversity among upper-echelon executives: Implications for strategic decision processes. Strategic Management Journal, 19: 39-58.](#) Many researchers contend that physical diversity characteristics such as race, age, or sex (also known as bio-demographic diversity) positively influence performance because team members contribute unique cognitive attributes based on their experiences stemming from their demographic background. [Horwitz, S.K., & Horwitz, I.B. \(2007\). The effects of team diversity on team outcomes: A meta-analytic review of team demography. Journal of Management, 33 \(6\): 987-1015.](#)

There is research that supports the relationship

between group performance and task-related diversity as reflected in characteristics not readily detectable such as ability, occupational expertise, or education. However, the relationship between biodemographic diversity and group performance has produced mixed results. [Watson, W.E., Kumar, K., & Michaelsen, L.K. \(1993\). Cultural diversity's impact on interaction process and performance: Comparing homogeneous and diverse task groups. Academy of Management Journal, 36\(3\): 590-602.](#) For example, Watson and colleagues studied the comparison of group performance between culturally homogeneous and culturally heterogeneous groups. Groups were assigned business cases to analyze, and their group performance was measured over time based on four factors: the range of perspectives generated, the number of problems identified in the case, the number of alternatives produced, and the quality of the solution. Overall performance was also calculated as the average of all the factors. The factors were measured at four intervals: Interval 1 (at 5 weeks), Interval 2 (at 9 weeks), Interval 3 (at 13 weeks), and Interval 4 (at 17 weeks).

For Intervals 1 and 2, the overall performance of homogeneous groups was higher than heterogeneous groups. However, by Intervals 3 and 4, there were no significant differences in overall performance between the groups, but the heterogeneous group outperformed the homogeneous group in generating a greater range of

perspectives and producing a greater number of alternatives.

This research suggests that although homogeneous groups may initially outperform culturally diverse groups, over time diverse groups benefit from a wider range of ideas to choose from when solving a problem. Based on the cognitive diversity hypothesis, these benefits stem from the multiple perspectives generated by the cultural diversity of group members. On the other hand, it takes time for members of diverse groups to work together effectively due to their unfamiliarity with one another, which explains why homogeneous groups outperform heterogeneous groups in the early stages of group functioning. (This is related to the similarity-attraction paradigm, discussed in the next section.) Other studies have shown that ethnically diverse groups cooperate better than homogeneous groups at tasks that require decision-making and are more creative and innovative. While homogeneous groups may be more efficient, heterogeneous groups sacrifice efficiency for effectiveness in other areas.

## **Similarity-Attraction Paradigm**

The cognitive diversity hypothesis explains how diversity benefits organizational outcomes. The similarity-attraction paradigm explains how diversity can have negative outcomes for an

organization.

Some research has shown that members who belong to diverse work units may become less attached, are absent from work more often, and are more likely to quit. Tsui, A.S., Egan, T. D., & O'Reilly, C.A. 1992. Being different: relational demography and organizational attachment. *Administrative Science Quarterly*, 37: 549-579. There is also evidence that diversity may produce conflict and higher employee turnover. Similarity-attraction theory is one of the foundational theories that attempts to explain why this occurs; it posits that individuals are attracted to others with whom they share attitude similarity. Byrne, D. (1971). *The attraction paradigm*. New York: Academic Press.

Attitudes and beliefs are common antecedents to interpersonal attraction. However, other traits such as race, age, sex, and socioeconomic status can serve as signals to reveal deep-level traits about ourselves. For example, numerous studies investigating job-seeker behaviors have shown that individuals are more attracted to companies whose recruitment literature includes statements and images that reflect their own identity group. One study showed that companies perceived to value diversity based on their recruitment literature are more attractive to racial minorities and women compared to Whites. Perkins, L. A., Thomas, K. M., & Taylor, G. A. 2000. *Advertising and recruitment: Marketing to*

minorities. *Psychology and Marketing*, 17: 235-255.; Thomas, K.M., & Wise, P.G. 1999. Organizational attractiveness and individual differences: Are diverse applicants attracted by different factors? *Journal of Business and Psychology*, 13: 375-390. Another study showed that when organizations use recruitment materials that target sexual minorities, the attraction of study participants weakened among heterosexuals. Lambert, J. R. (2015). The impact of gay-friendly recruitment statements and due process employment on a firm's attractiveness as an employer. *Equality, Diversity and Inclusion: An International Journal*, 34, 510–526. Even foreign-born potential job candidates are more attracted to organizations that depict international employees in their job ads. Lambert, J.R., Basuil, D.A., Bell, M.P., & Marquardt, D. J. (2017). Coming to America: Work visas, international diversity, and organizational attractiveness among highly skilled Asian immigrants. *The International Journal of Human Resource Management*, 0, 1-27.

## **Social Cognitive Theory**

**Social cognitive theory** is another theory that seeks to explain how diversity can result in negative outcomes in a group or organization. Social cognitive theory suggests that people use categorization to simplify and cope with large amounts of information. These categories allow us



to quickly and easily compartmentalize data, and people are often categorized by their visible characteristics, such as race, sex, and age. Thus, when someone sees a person of a particular race, automatic processing occurs and beliefs about this particular race are activated. Even when the person is not visible, he or she can be subject to this automatic categorization. For example, when sorting through resumes a hiring manager might engage in sex categorization because the person's name provides information about the person's sex or racial categorization because the person's name provides information about their race. [Bertrand, Marianne, and Sendhil Mullainathan. "Are Emily and Greg more employable than Lakisha and Jamal? A field experiment on labor market discrimination." \*The American Economic Review\* 94, no. 4 \(2004\): 991-1013.](#) **Stereotypes** are related to this categorization, and refer to the overgeneralization of characteristics about large groups. Stereotypes are the basis for prejudice and discrimination. In a job-related context, using categorization and stereotyping in employment decision-making is often illegal. Whether illegal or not, this approach is inconsistent with a valuing-diversity approach.

## Social Identity Theory

**Social identity theory** is another explanation of why diversity may have a negative outcome. Social

identity theory suggests that when we first come into contact with others, we categorize them as belonging to an in-group (i.e., the same group as us) or an out-group (not belonging to our group). [Tajfel, H. 1974. Social identity and intergroup behavior. Social Science Information, 15: 1010-118.; Tajfel H, Turner JC. \(1985\). The social identity theory of intergroup behavior. In S. Worchel, and W.G. Austin \(Eds.\), Psychology of Intergroup Relations \(2nd ed., pp. 7–24\). Chicago:Nelson-Hall.](#) We tend to see members of our in-group as heterogeneous but out-group members as homogeneous. That is, we perceive out-group members as having similar attitudes, behaviors, and characteristics (i.e., fitting stereotypes).

Researchers posit that this perspective may occur because of the breadth of interactions we have with people from our in-group as opposed to out-groups. There is often strong in-group favoritism and, sometimes, derogation of out-group members. In some cases, however, minority group members do not favor members of their own group. [Goldberg, Caren B. "Relational demography and similarity-attraction in interview assessments and subsequent offer decisions: are we missing something?." \*Group & Organization Management\* 30, no. 6 \(2005\): 597-624.](#) This may happen because of being continually exposed to widespread beliefs about the positive attributes of Whites or men and to common negative beliefs about some minorities and women.

When in-group favoritism does occur, majority-group members will be hired, promoted, and rewarded at the expense of minority-group members, often in violation of various laws.

## Schema Theory

**Schema theory** explains how individuals encode information about others based on their demographic characteristics. [Fiske ST, Taylor SE. \(1991\). Social cognition \(2nd ed.\). New York: McGraw-Hill.](#) Units of information and knowledge experienced by individuals are stored as having patterns and interrelationships, thus creating schemas that can be used to evaluate one's self or others. As a result of the prior perceived knowledge or beliefs embodied in such schemas, individuals categorize people, events, and objects. They then use these categories to evaluate newly encountered people and make decisions regarding their interaction with them.

Based on schema theory, employees develop schemas about coworkers based on race, gender, and other diversity traits. They also form schemas about organizational policies, leadership, and work climates. Schemas formed can be positive or negative and will affect the attitudes and behaviors employees have toward one another.

# Justification-Suppression Model

The **justification-suppression model** explains the circumstances in which prejudiced people might act on their prejudices. The process by which people experience their prejudice is characterized as a “two-step” process in which people are prejudiced against a certain group or individual but experience conflicting emotions in regard to that prejudice and are motivated to suppress their prejudice rather than act upon it. [Crandall, Christian S., and Amy Eshleman. "A justification-suppression model of the expression and experience of prejudice." Psychological bulletin 129.3 \(2003\): 414.](#) Theory about prejudice suggests that all people have prejudices of some sort, that they learn their prejudices from an early age, and that they have a hard time departing from them as they grow older. Prejudices are often reinforced by intimate others, and individuals use different methods to justify those prejudices.

Most people will attempt to suppress any outward manifestations of their prejudices. This suppression can come from internal factors like empathy, compassion, or personal beliefs regarding proper treatment of others. Suppression can also come from societal pressures; overt displays of prejudice are no longer socially acceptable, and in some cases are illegal.

At times, however, prejudiced individuals will look for reasons to justify acting on their prejudiced beliefs. Research has shown people are more likely to act in prejudiced ways when they are physically or emotionally tired, when they can do so and remain anonymous, or when social norms are weak enough that their prejudiced behavior will not be received negatively.

1. What are the theories that can help managers understand diversity?

1. What key theories help managers understand the benefits and challenges of managing the diverse workforce?

The cognitive-diversity hypothesis suggests that multiple perspectives stemming from the cultural differences between groups or organizational members result in creative problem solving and innovation. The similarity-attraction paradigm and social identity theory explain how, because individuals prefer to interact with others like themselves, diversity may have a negative effect on group and organizational outcomes. The

justification-suppression model explains under what conditions individuals act on their prejudice.

## **Glossary**

**cognitive diversity**

Differences between team members regarding characteristics such as expertise, experiences, and perspectives.

**social identity theory**

Self-concept based on an individual's physical, social, and mental characteristics.

**stereotypes**

Overgeneralization of characteristics about groups that are the basis for prejudice and discrimination.

**schema theory**

Explains how individuals encode information about others based on their demographic characteristics.

**justification-suppression model**

Explains the circumstances in which prejudiced people might act on their prejudices.

**cognitive diversity hypothesis**

Multiple perspectives stemming from the cultural differences between group or

organizational members result in creative problem-solving and innovation.

similarity-attraction paradigm

Individuals' preferences for interacting with others like themselves can result in diversity having a negative effect on group and organizational outcomes.

justification-suppression model

Explains under what conditions individuals act on their prejudices.

## **Benefits and Challenges of Workplace Diversity**

1. How can managers reap benefits from diversity and mitigate its challenges?

Much theoretical work has espoused the benefits of workplace diversity, but empirical studies have often had conflicting results, which have shown researchers that certain conditions can affect how successful initiatives to increase and enhance workplace diversity are. Managers can work to make sure that the efforts and initiatives they enact to increase diversity in the workplace come from a perspective that ensures and strives for equity and fairness, and not simply from the perspective of only benefitting the company's bottom line. By approaching diversity and diversity issues in a thoughtful, purposeful way, managers can mitigate the challenges posed by a diverse workforce and enhance the benefits a diverse workforce can offer.

## **Three Perspectives on Workplace Diversity**

Ely and Thomas's work on cultural diversity was designed to theoretically and empirically support some of the hypothesized relationships between diversity and workplace outcomes. Their research yielded a paradigm that identifies three perspectives



regarding workplace diversity:Ely, Robin J., and David A. Thomas. "Cultural diversity at work: The effects of diversity perspectives on work group processes and outcomes." *Administrative science quarterly*. 46.2 (2001): 229-273. integration and learning, access and legitimacy, and discrimination and fairness.

## **The Integration-and-Learning Perspective**

The **integration-and-learning perspective** posits that the different life experiences, skills, and perspectives that members of diverse cultural identity groups possess can be a valuable resource in the context of work groups. Under this perspective, the members of a culturally diverse workgroup can use their collective differences to think critically about work issues, strategies, products, and practices in a way that will allow the group to be successful in its business operations. The assumption under this perspective is that members of different cultural identity groups can learn from each other and work together to best achieve shared goals. This perspective values cultural identity and strongly links diversity of the group to the success of the firm.

Downfalls of the integration-and-learning perspective can be that White members of the work group can feel marginalized when they are not asked to join in on diversity-related projects or

discussions. Similarly, workforce members of color might experience burnout if they are always expected to work on those projects and discussions that specifically deal with diversity issues.

## **The Access-and-Legitimacy Perspective**

The **access-and-legitimacy perspective** focuses on the benefit that a diverse workforce can bring to a business that wishes to operate within a diverse set of markets or with culturally diverse clients. Work groups that operate under this perspective are doing so in order to gain access to diverse markets and because their diversity affords them some level of legitimacy when attempting to gain access to diverse markets. This type of workplace diversity is more of a functional type of diversity that does not attempt to integrate or value diversity at the business's core. The danger of this diversity perspective is that it can limit the roles of certain minority groups by valuing members of these groups only because they can increase the access to diverse markets and clients and not because they can make other potentially valuable contributions.[Ely, Robin J., and David A. Thomas. "Cultural diversity at work: The effects of diversity perspectives on work group processes and outcomes." \*Administrative science quarterly\*. 46.2 \(2001\): 229-273.](#)

## **The Discrimination-and-Fairness Perspective**

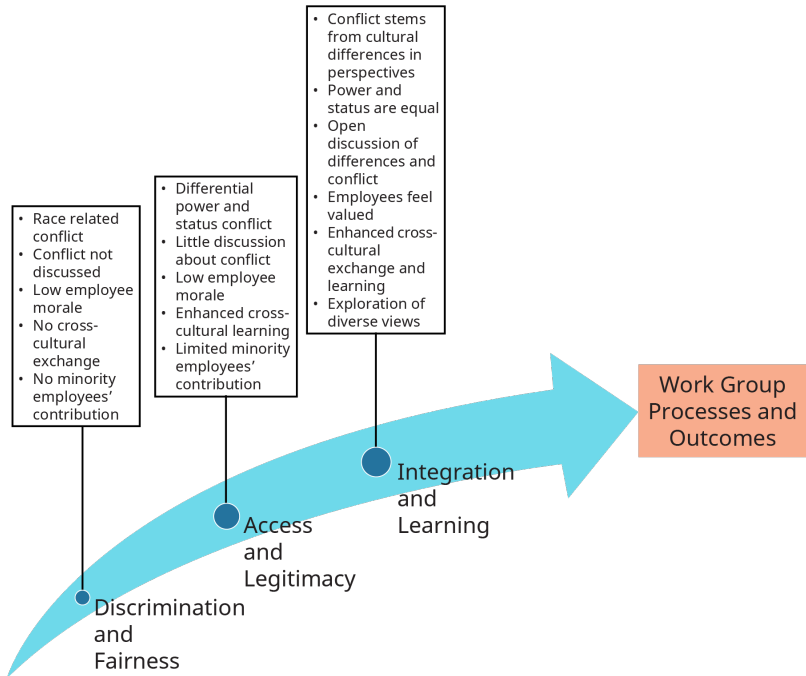
The **discrimination-and-fairness perspective** stems from a belief that a culturally diverse workforce is a moral duty that must be maintained in order to create a just and fair society. This perspective is characterized by a commitment to equal opportunities in hiring and promotions, and does not directly link a work group's productivity or success with diversity. Many times firms operating under this perspective will have a spoken or unspoken assumption that assimilation into the dominant (White) culture should take place by the members of other cultural identity groups. One drawback of this perspective is that because it measures progress by the recruitment and retention of diverse people, employees of traditionally underrepresented groups can feel devalued. Often, assimilation is pushed on diverse employees under the guise of reducing conflict or in an effort to demonstrate that differences between cultural identity groups are unimportant. [Ely, Robin J., and David A. Thomas. "Cultural diversity at work: The effects of diversity perspectives on work group processes and outcomes." \*Administrative science quarterly\*. 46.2 \(2001\): 229-273.](#)

[\[link\]](#) shows the degrees of effectiveness and benefits for each perspective.

### **Cultural Diversity Perspectives at Work**

Source: Adapted from Ely, Robin J., and David A. Thomas. "Cultural diversity at work: The effects of diversity perspectives on work group processes and

outcomes.” Administrative science quarterly. 46.2 (2001): 229-273.



1. How can managers reap the benefits of diversity?
2. How can managers mitigate the challenges of diversity?
3. What is the access-and-legitimacy perspective? Differentiate it from the discrimination-and-fairness perspective.

## 1. How can managers reap benefits from diversity and mitigate its challenges?

By approaching diversity and diversity issues in a thoughtful, purposeful way, managers can mitigate the challenges posed by a diverse workforce and enhance the benefits a diverse workforce can offer.

Managers can work to make sure that the efforts and initiatives they enact to increase diversity in the workplace come from a perspective that ensures and strives for equity and fairness, not simply one that will benefit the company's bottom line.

Using an integration-and-learning perspective strongly links diversity to the work and success of the firm by viewing cultural identity, different life experiences, skills, and perspectives from members of diverse cultural identity groups as a valuable resource.

## Glossary

integration-and-learning perspective

Posits that the different life experiences, skills, and perspectives that members of diverse cultural identity groups possess can be a valuable resource in the context of work groups.

access-and-legitimacy perspective

Focuses on the benefits that a diverse workforce can bring to a business that wishes to operate within a diverse set of markets or with culturally diverse clients.

discrimination-and-fairness perspective

A culturally diverse workforce is a moral duty that must be maintained in order to create a just and fair society.

## Recommendations for Managing Diversity

1. What can organizations do to ensure applicants, employees, and customers from all backgrounds are valued?

Organizations that are committed to equality and inclusion must take steps to combat the examples of discrimination and harassment that have been covered in this chapter. And they must take steps to make diversity a goal in the pre-employment stages as well as in the post-employment stages. Anyone with managerial or supervisory responsibilities should pay careful attention to hiring and performance-rewarding practices, and make sure to rely on relevant information for making decisions and ignore race-based stereotypes. The following are examples of what leaders and organizations can do make sure employees feel valued.

## Interview Selection Process

To ensure fairness for all applicants, organizations should use **highly structured interviews** during the selection process to avoid bias based on race or gender. McCarthy, J.M, Van Iddekinge, C.H., & Campion, M.(2010). Are highly structured job interviews resistant to demographic similarity effects?: *Personnel Psychology*, 63: 325-359. Highly

structured interviews consists of the following 15 characteristics: “(1) job analysis, (2) same questions, (3) limited prompting, (4) better questions, (5) longer interviews, (6) control of ancillary information, (7) limited questions from candidates, (8) multiple rating scales, (9) anchored rating scales, (10) detailed notes, (11) multiple interviewers, (12) consistent interviewers, (13) no discussion between interviews, (14) training, and (15) statistical prediction.” McCarthy, J.M, Van Iddekinge, C.H., & Campion, M.(2010). Are highly structured job interviews resistant to demographic similarity effects?: *Personnel Psychology*, 63: 325-359, p.333.; Campion M.A., Palmer D.K., Campion J.E. (1997). A review of structure in the selection interview. *Personnel Psychology*, 50, 655–702. Similarity bias can occur when interviewers prefer interviewees with whom they share similar traits. Organizations can mitigate this challenge if all 15 characteristics of a structured interview are used consistently with each job applicant.

## **Diversified Mentoring Relationships**

Thanks to the rapid growth of international travel and globalization, managers are often called upon to manage a workforce that is increasingly diverse. Research has shown that racially and ethnically diverse firms have better financial performance than more homogeneous firms, because, as mentioned,



employees from different backgrounds and with different experiences can give the firm a competitive advantage in various ways. It is necessary, however, that managers and those in positions of power are adequately equipped to manage diverse workforces in ways that are beneficial to all. **Diversified mentoring relationships** are relationships in which the mentor and the mentee differ in terms of their status within the company and within larger society. The differences could be in terms of race, gender, class, disability, sexual orientation, or other status. Research has found that these types of relationships are mutually beneficial and that the mentor and the mentee both have positive outcomes in terms of knowledge, empathy, and skills related to interactions with people from different power groups. [Young, Cheri A., Badiah Haffeejee, and David L. Corsun. "Developing Cultural Intelligence and Empathy Through Diversified Mentoring Relationships." \*Journal of Management Education\* \(2017\): 1052562917710687.](#)

### Diversity Training Programs

As the workforce becomes increasingly more diverse, managers will face a major challenge in understanding how to manage diversity. One of many decisions to be made is whether an organization should offer diversity training and, if so, what topics and issues should be addressed

based on the organizational goals.

There has been a debate over the effectiveness of corporate diversity training since the Civil Rights Act of 1964 helped prompt corporate diversity training with the organizational goal of simply being compliant with the law. Prior research shows that it can be effective, ineffective, or even detrimental for employees, but as diversity training has evolved through the years, it has become an important factor in helping employers manage diversity.

In the 1980s through the late 1990s, diversity training evolved from focusing solely on compliance to addressing the needs of women and minorities as they entered the workforce at a faster rate. Unfortunately, this type of training was perceived by Whites and men as singling them out as the problem; sometimes such training was even formatted as “confession” sessions for White employees to express their complicity in institutional racism. Not unexpectedly, this type of training would often backfire and would further separate employees from each other, the exact opposite of its intention.

Recently, diversity training has evolved to focus on (1) building cultural competencies regarding fellow employees, (2) valuing differences, and (3) learning how diversity helps make better business decisions. This perspective toward diversity training is more effective than simply focusing on causes of a lack of diversity and the historical roots

of discrimination. Understanding how to comply with the law is still important, but training has a greater effect when the other factors are also included.

A recent study investigated various diversity-training methods, including having participants engage in activities on perspective taking and goal setting. For perspective-taking activities, participants were asked to write a few sentences about the challenges they believed minority group members might experience. Goal-setting activities involved writing specific and measurable goals related to workplace diversity such as crafting future policies or engaging in future behaviors. Researchers found that when these activities were used as a diversity-training method, pro-diversity attitudes and behavioral intentions persisted months later.

Issues regarding employee sexual orientation have also been introduced into corporate diversity training in recent years. Because employees' religious beliefs are protected by Title VII of the Civil Rights Act, employers should be sensitive to balancing the rights of lesbian, gay, and bisexual employees and employees' religious rights.

Attempting to protect the rights of one group and not be perceived to disrespect another is a difficult situation for managers. In order to mitigate any backlash from some employees, employers should seek feedback from all groups to learn the best ways to accommodate them, and should assess the

organizational climate. Additionally, managers should explain how diversity based on sexual orientation aligns with the company's strategic objectives and explain the company's legal position with supportive reasoning. Lastly, based on their organizational climate and how it reshapes itself over time, some companies may wish to address diversity training on sexual orientation in a voluntary training separate from other diversity issues.

Sources: Young, Cheri A., Badiah Haffejee, and David L. Corsun. "Developing Cultural Intelligence and Empathy Through Diversified Mentoring Relationships." *Journal of Management Education* (2017): 1052562917710687; Bezrukova, K., Jehn, K.A., & Spell, C.S. (2012). Reviewing diversity training: Where we have been and where we should go. *Academy of Management Learning & Education*, 11 (2): 207-227; Anand, R., & Winters, M. (2008). A retrospective view of corporate diversity training from 1964 to the present. *Academy of Management Learning & Education*, 7 (3): 356-372; Lindsey, A., King, E., Membere, A., & Cheung, H.K. (July 28, 2017). Two types of diversity training that really work. *Harvard Business Review*.

### **Discussion Questions**

1. Why do you believe diversity training is resisted by some employees?
2. Do you believe there will always be a need for

workplace diversity training?

3. How would you determine what types of diversity training are needed at your company?

## Visible Leadership

Another key to ensure that employees are treated fairly is utilizing appropriate leadership strategies. [Thoms, D.A., & Ely, R.J. \(Sep 1996\).](#)

[Making differences matter: A new paradigm for managing diversity. Harvard Business Review.](#)

Leadership must sincerely value variety of opinions, and organizational culture must encourage openness and make workers feel valued. Organizations must also have a well-articulated and widely understood mission and a relatively egalitarian, nonbureaucratic structure. Having such a work environment will ensure that the attitudes and values of employees are aligned with those of the organization. In this way culture serves as a control mechanism for shaping behaviors.

## Strategies for Employees

Individuals can increase positive employment outcomes by obtaining high levels of education, because for all groups education is a predictor of employment and increased earnings. Individuals can also seek employment in larger firms, which are more likely to have formal hiring programs and specific diversity provisions in place. Individuals of any race or ethnic background can also take steps to eliminate discrimination by being aware of their own personal stereotypes or biases and taking steps to challenge and address them.

1. How can managers ensure fairness in the interviewing and selection process regarding diversity?
2. What is the role of leadership regarding diversity?

1. What can organizations do to ensure applicants, employees, and customers from all backgrounds are valued?

Organizations should use objective and fair recruitment and selection tools and policies.

Leadership should make employees feel valued, be open to varied perspectives, and encourage a culture of open dialogue. Women and racial minorities can increase positive employment outcomes by pursuing higher levels of education and seeking employment in larger organizations. All individuals should be willing to listen, empathize with others, and seek to better understand sensitive issues that affect different identity groups.

## **Chapter Review Questions**

1. Define the three types of diversity and compare them using examples for each type.
2. How are demographics of the workforce changing?
3. What are some major challenges that women face in organizations?
4. What is the model minority myth? How does it compare to how Blacks and Hispanics are stereotyped?
5. What are some benefits of hiring older workers?
6. Why would an employee “pass” or “reveal” at work? What are the positive and negative consequences of doing so?
7. Explain the six benefits of workplace diversity described by Cox and Blake’s business case for diversity.
8. Compare how the cognitive diversity

- hypothesis and the similarity-attraction paradigm relate to diversity outcomes.
9. Based on the justification-suppression model, explain why individuals act on their prejudicial beliefs.
  10. Describe challenges that managers must face when managing diversity.
  11. How can employees ensure they are compliant with the laws and legislation enforced by the EEOC?
  12. What are some recommendations for managing diversity?

## **Management Skills Application Exercises**

1. Do you agree that diversity can be a source of greater benefit than harm to organizations? Why or why not?
2. Have you ever worked in a diverse team setting before? If so, did you encounter any attitudes or behaviors that could potentially cause conflict? If not, how would you manage conflict stemming from diversity?
3. List three organizational goals you would implement to create an organizational culture of diversity and inclusion.
4. Have you or has someone you know experienced discrimination? How did that affect you or that person emotionally,



- physically, or financially?
5. Pick an identity group (e.g., gay, Black, or woman) other than your own. Imagine and list the negative experiences and interactions you believe you might encounter at work. What policies or strategies could an organization implement to prevent those negative experiences from occurring?
  6. Provide a concrete example of how different perspectives stemming from diversity can positively impact an organization or work group. You may use a real-life personal example or make one up.

## **Managerial Decision Exercises**

1. As a manager for a hospital, you oversee a staff of marketing associates. Their job is to find doctors and persuade them to refer their patients to your hospital. Associates have a very flexible work schedule and manage their own time. They report to you weekly concerning their activities in the field. Trusting them is very important, and it is impossible to track and confirm all of their activities. Your assistant, Nancy, manages the support staff for the associates, works very closely with them, and often serves as your eyes and ears to keep you informed as to how well they are

performing.

One day, Nancy comes into your office crying and tells you that your top-performing associate, Susan, has for the past few weeks repeatedly asked her out to dinner and she has repeatedly refused. Susan is a lesbian and Nancy is not. Today, when she refused, Susan patted her on the bottom and said, “I know, you are just playing hard to get.”

After Nancy calms down, you tell her that you will fill out the paperwork to report a sexual harassment case. Nancy says that she does not want to report it because it would be too embarrassing if word of the incident got out. To impress upon you how strongly she feels, she tells you that she will consider resigning if you report the incident. Nancy is essential to the effective operation of your group, and you dread how difficult it would be to get things done without her assisting you.

What do you do? Do you report the case, lose Nancy’s trust, and jeopardize losing a high-performing employee? Or do you not report it, thereby protecting what Nancy believes to be her right to privacy?

2. Recently your company has begun to promote its diversity efforts, including same-sex (and

heterosexual) partner benefits and a nonharassment policy that includes sexual orientation, among other things. Your department now has new posters on the walls with photos of employees who represent different aspects of diversity (e.g., Black, Hispanic, gay). One of your employees is upset about the diversity initiative and has begun posting religious scriptures condemning homosexuality on his cubicle in large type for everyone to see. When asked to remove them, your employee tells you that the posters promoting diversity offend Christian and Muslim employees. What should you do?

3. You are a recently hired supervisor at a paper mill factory. During your second week on the job, you learn about a White employee who has been using a racial slur during lunch breaks when discussing some of her Black coworkers with others. You ask the person who reported it to you about the woman and learn that she is an older woman, around 67 years old, and has worked at the factory for more than 40 years. You talk to your boss about it, and he tells you that she means no harm by it, she is just from another era and that is just her personality. What would you do in this situation?
4. You are a nurse manager who oversees the triage for the emergency room, and today is a

slow day with very few patients. During the downtime, one of your subordinates is talking with another coworker about her new boyfriend. You observe her showing her coworkers explicit images of him that he emailed her on her phone. Everyone is joking and laughing about the ordeal. Even though it appears no one is offended, should you address it? What would you say?

5. You work for a company that has primarily Black and Hispanic customers. Although you employ many racial minorities and women, you notice that all of your leaders are White men. This does not necessarily mean that your organization engages in discriminatory practices, but how would you know if your organization was managing diversity well? What information would you need to determine this, and how would you collect it?
6. Your company's founder believes that younger workers are more energetic and serve better in sales positions. Before posting a new job ad for your sales division, he recommends that you list an age requirement of the position for applicants between ages 18 and 25. Is his recommendation a good one? Why or why not?
7. You work for a real estate broker who recently hired two gay realtors, Steven and Shauna, to

be a part of the team. During a staff meeting, your boss mentions an article she read about gay clients feeling ostracized in the real estate market. She tells the new employees she hired them to help facilitate the home-buying process for gay buyers and sellers. She specifically instructs them to focus on recruiting gay clients, even telling them that they should pass along any straight customers to one of the straight realtors on the team. A few weeks later, Shauna reports that she has made her first sale to a straight couple that is expecting a baby. During the next staff meeting, your boss congratulates Shauna on her sale, but again reiterates that Shauna and Steven should pass along straight clients to another realtor so they can focus on recruiting gay clients. After the meeting, Shauna tells you that she thinks it is unfair that she should have to focus on gay clients and that she is thinking of filing a discrimination complaint with HR. Do you think that Shauna is correct in her assessment of the situation? Is there merit to your boss's desire to have the gay realtors focus on recruiting gay clients? What might be a better solution to help gay clients feel more comfortable in the home-buying and -selling process?

# Critical Thinking Case

## Uber Pays the Price

Nine years ago, Uber revolutionized the taxi industry and the way people commute. With the simple mission “to bring transportation—for everyone, everywhere,” today Uber has reached a valuation of around \$70 billion and claimed a market share high of almost 90% in 2015. However, in June 2017 Uber experienced a series of bad press regarding an alleged culture of sexual harassment, which is what most experts believe caused their market share to fall to 75%.

In February of 2017 a former software engineer, Susan Fowler, wrote a lengthy post on her website regarding her experience of being harassed by a manager who was not disciplined by human resources for his behavior. In her post, Fowler wrote that Uber’s HR department and members of upper management told her that because it was the man’s first offense, they would only give him a warning. During her meeting with HR about the incident, Fowler was also advised that she should transfer to another department within the organization. According to Fowler, she was ultimately left no choice but to transfer to another department, despite having specific expertise in the department in which she had originally been working.

As her time at the company went on, she began meeting other women who worked for the company who relayed their own stories of harassment. To her surprise, many of the women reported being harassed by the same person who had harassed her. As she noted in her blog, “It became obvious that both HR and management had been lying about this being his 'first offense.'” Fowler also reported a number of other instances that she identified as sexist and inappropriate within the organization and claims that she was disciplined severely for continuing to speak out. Fowler eventually left Uber after about two years of working for the company, noting that during her time at Uber the percentage of women working there had dropped to 6% of the workforce, down from 25% when she first started.

Following the fallout from Fowler’s lengthy description of the workplace on her website, Uber’s chief executive Travis Kalanick publicly condemned the behavior described by Fowler, calling it “abhorrent and against everything Uber stands for and believes in.” But later in March, Uber board member Arianna Huffington claimed that she believed “sexual harassment was not a systemic problem at the company.” Amid pressure from bad media attention and the company’s falling market share, Uber made some changes after an independent investigation resulted in 215 complaints. As a result, 20 employees were fired for reasons ranging from sexual harassment to bullying

to retaliation to discrimination, and Kalanick announced that he would hire a chief operating officer to help manage the company. In an effort to provide the leadership team with more diversity, two senior female executives were hired to fill the positions of chief brand officer and senior vice president for leadership and strategy.

### **Critical Thinking Questions**

1. Based on Cox's business case for diversity, what are some positive outcomes that may result in changes to Uber's leadership team?
2. Under what form of federal legislation was Fowler protected?
3. What strategies should have been put in place to help prevent sexual harassment incidents like this from happening in the first place?

Sources: Uber corporate Website, <https://www.uber.com/newsroom/company-info/> (February, 2017); Marco della Cava, "Uber has lost market share to Lyft during crisis," *USA Today*, June 13, 2017, <https://www.usatoday.com/story/tech/news/2017/06/13/uber-market-share-customer-image-hit-string-scandals/102795024/>; Tracey Lien, "Uber fires 20 workers after harassment investigation," *Los Angeles Times*, Jun 6, 2017, <http://www.latimes.com/business/la-fi-tn-uber-sexual-harassment-20170606-story.html>; Susan Fowler, "Reflecting On One Very, Very Strange Year At Uber," February 19, 2017, <https://>



[www.susanjfowler.com/blog/2017/2/19/reflecting-on-one-very-strange-year-at-uber](http://www.susanjfowler.com/blog/2017/2/19/reflecting-on-one-very-strange-year-at-uber).

## **Glossary**

**diversified mentoring relationships**

Relationships in which the mentor and the mentee differ in terms of their status within the company and within larger society.

**highly structured interviews**

Interviews that are be structured objectively to remove bias from the selection process.

## Introduction

class = "introduction" (Credit: mohamed\_hassan/  
Pixabay/ (CC BY 0))



## Learning Outcomes

**After reading this chapter, you should be able to answer these questions:**

1. Define motivation, and distinguish direction and intensity of motivation.
2. Describe a content theory of motivation, and compare and contrast the main content theories of motivation: manifest needs theory, learned needs theory, Maslow's hierarchy of needs, Alderfer's ERG theory, Herzberg's motivator-hygiene theory, and self-determination theory.
3. Describe the process theories of motivation, and compare and contrast the main process theories of motivation: operant conditioning theory, equity theory, goal theory, and expectancy theory.

4. Describe the modern advancements in the study of human motivation.

**Bridget Anderson**

Bridget Anderson thought life would be perfect out in the “real world.” After earning her degree in computer science, she landed a well-paying job as a programmer for a large nonprofit organization whose mission she strongly believed in. And—initially—she was happy with her job.

Lately however, Bridget gets a sick feeling in her stomach every morning when her alarm goes off. Why this feeling of misery? After all, she’s working in her chosen field in an environment that matches her values. What else could she want? She’s more puzzled than anyone.

It’s the end of her second year with the organization, and Bridget apprehensively schedules her annual performance evaluation. She knows she’s a competent programmer, but she also knows that lately she’s been motivated to do only the minimum required to get by. Her heart is just not in her work with this organization. Not exactly how she thought things would turn out, that’s for sure.

Bridget’s manager Kyle Jacobs surprises her when he begins the evaluation by inquiring about her professional goals. She admits that she hasn’t thought much about her future. Kyle asks if she’s

content in her current position and if she feels that anything is missing. Suddenly, Bridget realizes that she *does* want more professionally.

**Question:** Are Bridget's motivational problems intrinsic or extrinsic? Which of her needs are currently not being met? What steps should she and her manager take to improve her motivation and ultimately her performance?

**Outcome:** Once Bridget admits that she's unhappy with her position as a computer programmer, she's ready to explore other possibilities. She and Kyle brainstorm for tasks that will motivate her and bring her greater job satisfaction. Bridget tells Kyle that while she enjoys programming, she feels isolated and misses interacting with other groups in the organization. She also realizes that once she had mastered the initial learning curve, she felt bored. Bridget is ready for a challenge.

Kyle recommends that Bridget move to an information systems team as their technical representative. The team can use Bridget's knowledge of programming, and Bridget will be able to collaborate more frequently with others in the organization.

Bridget and Kyle set specific goals to satisfy her needs to achieve and to work collaboratively. One of Bridget's goals is to take graduate classes in management and information systems. She hopes that this will lead to an MBA and, eventually, to a position as a team leader. Suddenly the prospect of going to work doesn't seem so grim—and lately,

Bridget's been beating her alarm!

If you've ever worked with a group of people, and we all have, you have no doubt noticed differences in their performance. Researchers have pondered these differences for many years. Indeed, John B. Watson first studied this issue in the early 1900s. Performance is, of course, an extremely important issue to employers because organizations with high-performing employees will almost always be more effective.

To better understand why people perform at different levels, researchers consider the major determinants of performance: ability, effort (motivation), accurate role perceptions, and environmental factors (see [\[link\]](#)). Each performance determinant is important, and a deficit in one can seriously affect the others. People who don't understand what is expected of them will be constrained by their own inaccurate role perceptions, even if they have strong abilities and motivation and the necessary resources to perform their job. None of the performance determinants can compensate for a deficiency in any of the other determinants. Thus, a manager cannot compensate for an employee's lack of skills and ability by strengthening their motivation.

### Determinants of Performance

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**Person:**

Ability  
Motivation  
Accurate role  
Perceptions

**Situation:**

Environmental  
(Constraints and  
Facilitators)

Performance

```
graph LR; Person[Person:  
Ability  
Motivation  
Accurate role  
Perceptions]; Situation[Situation:  
Environmental  
(Constraints and  
Facilitators)]; Performance[Performance]; Person --> Merge(( )); Situation --> Merge; Merge --> Performance;
```

## Motivation: Direction and Intensity

1. Define motivation and distinguish direction and intensity of motivation.

**Ability** refers to the knowledge, skills, and receptiveness to learning that a person brings to a task or job. Knowledge is what a person knows. Skill is their capacity to perform some particular activity (like welding or accounting), including knowing what is expected of them (called accurate role perceptions). Receptiveness to learning is a function of how quickly a person acquires new knowledge. Some people have more ability than others, and high-ability people generally perform better than low-ability people (although we will see that this is not always the case). [J.E. Hunter & R.E. Hunter. 1984. Validity and utility of alternative predictors of job performance. \*Psychological Bulletin\* 96: 72–98.](#)

Accurate **role perceptions** refer to how well an individual understands their organizational role. This includes the goals (outcomes) the person is expected to achieve and the process by which the goals will be achieved. An employee who has accurate role perceptions knows both their expected outcomes *and* how to go about making those outcomes a reality. Incomplete or inaccurate role perceptions limit employees' capacity to meet expectations, regardless of their abilities and motivation.

The **performance environment** refers to those factors that impact employees' performance but are essentially out of their control. Many environmental factors influence performance. Some factors facilitate performance, while others constrain it. A word processor who has to work with a defective personal computer is certainly not going to perform at peak levels, regardless of ability or desire. Students who are working full time and carrying a full load of classes may not do as well on an exam as they would if they could cut back on their work hours, despite the fact that they have high ability and high motivation.

Motivation is the fourth major factor that determines whether a person will perform a task well. **Motivation** is a force within or outside of the body that energizes, directs, and sustains human behavior. Within the body, examples might be needs, personal values, and goals, while an incentive might be seen as a force outside of the body. The word stems from its Latin root *movere*, which means "to move." Generally speaking, motivation arises as a consequence of a person's desire to (1) fulfill unmet needs or (2) resolve conflicting thoughts that produce anxiety (an unpleasant experience). There are many ways in which we describe and categorize human needs, as we will see later in this chapter. Certain needs are fundamental to our existence, like the need for food and water. When we are hungry, we are energized



to satisfy that need by securing and ingesting food. Our other needs operate in a similar manner. When a need is unfulfilled, we are motivated to engage in behaviors that will satisfy it. The same is true for situations in which we experience conflicting thoughts. When we find ourselves in situations inconsistent with our beliefs, values, or expectations, we endeavor to eliminate the inconsistency. We either change the situation, or we change our perception of it. In both cases, motivation arises out of our interaction with and perception of a particular situation. We perceive the situation as satisfying our needs, or not. Motivation is thus a result of our interacting with situations to satisfy unmet needs or to resolve cognitive dissonance.

### **Tom Brady**

At the University of Michigan, Tom Brady was always a backup to high-potential quarterbacks and was a sixth-round draft pick after his college career. He commented, “A lot of people don’t believe in you. It’s obvious by now, six other quarterbacks taken and 198 other picks. And I always thought ‘you know what, once I get my shot, I’m gonna be ready. I’m gonna really take advantage of that.’” Rather than give up, he hired a sports psychologist to help him deal with constant frustrations. Brady would eventually become an elite quarterback and is now considered one of the greatest players ever. “I guess in a sense I’ve always had a chip on my shoulder. If you were the 199th pick, you were the

199th pick for a reason: because someone didn't think you were good enough." His passion and motivation helped him achieve that status. (Credit: Brook Ward/ flickr/ Attribution 2.0 Generic (CC BY 2.0))



Simply stated, **work motivation** is the amount of effort a person exerts to achieve a certain level of job performance. Some people try very hard to perform their jobs well. They work long hours, even if it interferes with their family life. Highly motivated people go the “extra mile.” High scorers on an exam make sure they know the examination material to the best of their ability, no matter how much midnight oil they have to burn. Other students who don’t do as well may just want to get by—football games and parties are a lot more fun, after all.

Motivation is of great interest to employers: *All* employers want their people to perform to the best of their abilities. They take great pains to screen applicants to make sure they have the necessary abilities and motivation to perform well. They endeavor to supply all the necessary resources and a good work environment. Yet motivation remains a difficult factor to manage. As a result, it receives the most attention from organizations and researchers alike, who ask the perennial question “What motivates people to perform well?”

In this chapter we look at current answers to this question. What work conditions foster motivation? How can theories of motivation help us understand the general principles that guide organizational behavior? Rather than analyze why a particular student studies hard for a test, we’ll look at the

underlying principles of our general behavior in a variety of situations (including test taking). We also discuss the major theories of motivation, along with their implications for management and organizational behavior. By the end of this chapter you should have a better understanding of why some people are more motivated than others. Successful employees know what they want to achieve (direction), and they persist until they achieve their goals (intensity).

Our discussion thus far implies that motivation is a matter of effort. This is only partially true.

Motivation has two major components: direction and intensity. **Direction** is *what* a person wants to achieve, what they intend to do. It implies a target that motivated people try to “hit.” That target may be to do well on a test. Or it may be to perform better than anyone else in a work group. **Intensity** is *how hard* people try to achieve their targets. Intensity is what we think of as effort. It represents the energy we expend to accomplish something. If our efforts are getting nowhere, will we try different strategies to succeed? (High-intensity-motivated people are persistent!)

It is important to distinguish the direction and intensity aspects of motivation. If *either* is lacking, performance will suffer. A person who knows what they want to accomplish (direction) but doesn’t exert much effort (intensity) will not succeed.

(Scoring 100 percent on an exam—your target—won't happen unless you study!) Conversely, people who don't have a direction (what they want to accomplish) probably won't succeed either. (At some point you have to decide on a major if you want to graduate, even if you do have straight As.)

Employees' targets don't always match with what their employers want. Absenteeism (some employees call this “calling in well”) is a major example. [Statistics on the prevalence of this choice are available.](https://www.actitime.com/human-resources/leave-time-tracking-trends.php) “Calling in Well: A Look at leave Time Tracking Trends,” *actiTIME* website, June 2016, <https://www.actitime.com/human-resources/leave-time-tracking-trends.php>. Pursuing your favorite hobby (your target) on a workday (your employer's target) is a conflict in direction; below, we'll examine some theories about why this conflict occurs.

There is another reason why employees' targets are sometimes contrary to their employers'—sometimes employers do not ensure that employees understand what the employer wants. Employees can have great intensity but poor direction. It is management's job to provide direction: Should we stress quality as well as quantity? Work independently or as a team? Meet deadlines at the expense of costs? Employees flounder without direction. Clarifying direction results in accurate *role perceptions*, the behaviors employees think they are expected to perform as

members of an organization. Employees with accurate role perceptions understand their purpose in the organization and how the performance of their job duties contributes to organizational objectives. Some motivation theorists assume that employees know the correct direction for their jobs. Others do not. These differences are highlighted in the discussion of motivation theories below.

At this point, as we begin our discussion of the various motivation theories, it is reasonable to ask “Why isn’t there just one motivation theory?” The answer is that the different theories are driven by different philosophies of motivation. Some theorists assume that humans are propelled more by needs and instincts than by reasoned actions. Their **content motivation theories** focus on *the content of what* motivates people. Other theorists focus on the process by which people are motivated. **Process motivation theories** address *how* people become motivated—that is, how people perceive and think about a situation. Content and process theories endeavor to predict motivation in a variety of situations. However, none of these theories can predict what will motivate an individual in a given situation 100 percent of the time. Given the complexity of human behavior, a “grand theory” of motivation will probably never be developed.

A second reasonable question at this point is “Which theory is best?” If that question could be easily

answered, this chapter would be quite short. The simple answer is that there is no “one best theory.” All have been supported by organizational behavior research. All have strengths and weaknesses. However, understanding something about each theory is a major step toward effective management practices.

1. Explain the two drivers of motivation: direction and intensity.
2. What are the differences between content and process theories of motivation?
3. Will there ever be a grand theory of motivation?

1. Define motivation, and distinguish direction and intensity of motivation.

This chapter has covered the major motivation theories in organizational behavior. Motivation theories endeavor to explain how people become motivated. Motivation has two major components: direction and intensity. Direction is what a person is trying to achieve. Intensity is the degree of effort a person expends to achieve the target. All motivation

theories address the ways in which people develop direction and intensity.

## Glossary

### ability

The knowledge, skills, and receptiveness to learning that an individual brings to a task or job.

### content motivation theories

Theories that focus on what motivates people.

### direction

What a person is motivated to achieve.

### intensity

(1) The degree to which people try to achieve their targets; (2) the forcefulness that enhances the likelihood that a stimulus will be selected for perceptual processing.

### motivation

A force within or outside of the body that energizes, directs, and sustains human behavior. Within the body, examples might be needs, personal values, and goals, while an incentive might be seen as a force outside of the body. The word stems from its Latin root *movere*, which means “to move.”

### performance environment



Refers to those factors that impact employees' performance but are essentially out of their control.

process motivation theories

Theories that focus on the how and why of motivation.

role perceptions

The set of behaviors employees think they are expected to perform as members of an organization.

work motivation

The amount of effort a person exerts to achieve a level of job performance

## Content Theories of Motivation

### 1. Describe a content theory of motivation.

The theories presented in this section focus on the importance of human needs. A common thread through all of them is that people have a variety of needs. A **need** is a human condition that becomes “energized” when people feel deficient in some respect. When we are hungry, for example, our need for food has been energized. Two features of needs are key to understanding motivation. First, when a need has been energized, we are motivated to satisfy it. We strive to make the need disappear.

**Hedonism**, one of the first motivation theories, assumes that people are motivated to satisfy mainly their own needs (seek pleasure, avoid pain). Long since displaced by more refined theories, hedonism clarifies the idea that needs provide direction for motivation. Second, once we have satisfied a need, it ceases to motivate us. When we’ve eaten to satiation, we are no longer motivated to eat. Other needs take over and we endeavor to satisfy them. A **manifest need** is whatever need is motivating us at a given time. Manifest needs dominate our other needs.

**Instincts** are our natural, fundamental needs, basic to our survival. Our needs for food and water are instinctive. Many needs are learned. We are not born with a high (or low) need for achievement—

we learn to need success (or failure). The distinction between instinctive and learned needs sometimes blurs; for example, is our need to socialize with other people instinctive or learned?

## Manifest Needs Theory

One major problem with the need approach to motivation is that we can make up a need for every human behavior. Do we “need” to talk or be silent? The possibilities are endless. In fact, around the 1920s, some 6,000 human needs had been identified by behavioral scientists!

Henry A. Murray recognized this problem and condensed the list into a few instinctive and learned needs. [H. A. Murray. 1938. \*Explorations in personality\*. New York: Oxford University Press.](#) Instincts, which Murray called **primary needs**, include physiological needs for food, water, sex (procreation), urination, and so on. Learned needs, which Murray called **secondary needs**, are learned throughout one’s life and are basically psychological in nature. They include such needs as the need for achievement, for love, and for affiliation (see [\[link\]](#) ). [Murray also hypothesized that people would differ in the degree to which they felt these needs. His list of secondary needs became a basis for his theory of personality.](#)

**Sample Items from  
Murray's List of Needs  
Social Motive**

**Brief Definition**

*Source:* Adapted from C.  
S. Hall and G. Lindzey,  
*Theories of Personality*.  
Sample items from  
Murray's List of Needs.  
Copyright 1957 by John  
Wiley & Sons, New York.

Abasement

To submit passively to  
external force. To accept  
injury, blame, criticism,  
punishment. To  
surrender.

Achievement

To accomplish something  
difficult. To master,  
manipulate, or organize  
physical objects, human  
beings, or ideas.

Affiliation

To draw near and  
enjoyably cooperate or  
reciprocate with an allied  
other (an other who  
resembles the subject or  
who likes the subject). To  
please and win affection  
of a coveted object. To  
adhere and remain loyal  
to a friend.

Aggression	To overcome opposition forcefully. To fight. To revenge an injury. To attack, injure, or kill another. To oppose forcefully or punish another.
Autonomy	To get free, shake off restraint, break out of confinement.
Counteraction	To master or make up for a failure by restriving.
Defendance	To defend the self against assault, criticism, and blame. To conceal or justify a misdeed, failure, or humiliation. To vindicate the ego.
Deference	To admire and support a superior. To praise, honor, or eulogize.
Dominance	To control one's human environment. To influence or direct the behavior of others by suggestion, seduction, persuasion, or command.
Exhibition	To make an impression. To be seen and heard. To excite, amaze, fascinate, entertain, shock, intrigue,

Harm avoidance	<p>amuse, or entice others.</p> <p>To avoid pain, physical injury, illness, and death.</p> <p>To escape from a dangerous situation. To take precautionary measures.</p>
Infavoidance	<p>To avoid humiliation. To quit embarrassing situations or to avoid conditions that may lead to belittlement or the scorn or indifference of others.</p>
Nurturance	<p>To give sympathy and gratify the needs of a helpless object: an infant or any object that is weak, disabled, tired, inexperienced, infirm, defeated, humiliated, lonely, dejected, sick, or mentally confused. To assist an object in danger. To feed, help, support, console, protect, comfort, nurse, heal.</p>
Order	<p>To put things in order. To achieve cleanliness, arrangement, organization, balance,</p>

neatness, tidiness, and precision.

Play

To act for “fun” without further purpose. To like to laugh and make jokes. To seek enjoyable relaxation from stress.

Rejection

To separate oneself from a negatively valued object. To exclude, abandon, expel, or remain indifferent to an inferior object. To snub or jilt an object.

Sentience

To seek and enjoy sensuous impressions.

Sex

To form and further an erotic relationship. To have sexual intercourse.

Succorance

To have one's needs gratified by the sympathetic aid of an allied object.

Understanding

To ask or answer general questions. To be interested in theory. To speculate, formulate, analyze, and generalize.

Murray's main premise was that people have a

variety of needs, but only a few are expressed at a given time. When a person is behaving in a way that satisfies some need, Murray called the need **manifest**. **Manifest needs theory** assumes that human behavior is driven by the desire to satisfy needs. Lucretia's chattiness probably indicates her need for affiliation. This is a manifest need. But what if Lucretia also has a need to dominate others? Could we detect that need from her current behavior? If not, Murray calls this a latent need. A **latent need** cannot be inferred from a person's behavior at a given time, yet the person may still possess that need. The person may not have had the opportunity to express the need. Or she may not be in the proper environment to solicit behaviors to satisfy the need. Lucretia's need to dominate may not be motivating her current behavior because she is with friends instead of coworkers.

Manifest needs theory laid the groundwork for later theories, most notably McClelland's learned needs theory, that have greatly influenced the study of organizational behavior. The major implication for management is that some employee needs are latent. Managers often assume that employees do not have certain needs because the employees never try to satisfy them at work. Such needs may exist (latent needs); the work environment is simply not conducive to their manifestation (manifest needs). A reclusive accountant may not have been given the opportunity to demonstrate his need for



achievement because he never received challenging assignments.

## Learned Needs Theory

David C. McClelland and his associates (especially John W. Atkinson) built on the work of Murray for over 50 years. Murray studied many different needs, but very few in any detail. McClelland's research differs from Murray's in that McClelland studied three needs in depth: the need for achievement, the need for affiliation, and the need for power (often abbreviated, in turn, as nAch, nAff, and nPow). Representative references include J.W. Atkinson & D.C. McClelland. 1948. The projective expression of needs. II. The effect of different intensities of the hunger drive on thematic apperception. *Journal of Experimental Psychology* 38:643–658; D.C. McClelland, J.W. Atkinson, R.A. Clark, & E.L. Lowell. 1953. *The achievement motive*. New York: Appleton-Century-Crofts; R.C. DeCharms. 1957. Affiliation motivation and productivity in small groups. *Journal of Abnormal Psychology* 55:222– 276; D.C. McClelland. 1961. *The achieving society*. Princeton, NJ: Van Nostrand; and D.C. McClelland. 1975. *Power: The inner experience*. New York: Irvington. McClelland believes that these three needs are learned, primarily in childhood. But he also believes that each need can be taught, especially nAch. McClelland's research is important

because much of current thinking about organizational behavior is based on it.

## Need for Achievement

The **need for achievement (nAch)** is how much people are motivated to excel at the tasks they are performing, especially tasks that are difficult. Of the three needs studied by McClelland, nAch has the greatest impact. The need for achievement varies in intensity across individuals. This makes nAch a personality trait as well as a statement about motivation. When nAch is being expressed, making it a manifest need, people try hard to succeed at whatever task they're doing. We say these people have a high achievement motive. A **motive** is a source of motivation; it is the need that a person is attempting to satisfy. Achievement needs become manifest when individuals experience certain types of situations.

To better understand the nAch motive, it's helpful to describe high-nAch people. You probably know a few of them. They're constantly trying to accomplish something. One of your authors has a father-in-law who would much rather spend his weekends digging holes (for various home projects) than going fishing. Why? Because when he digs a hole, he gets results. In contrast, he can exert a lot of effort and still not catch a fish. A lot of fishing, no fish, and no results equal failure!

McClelland describes three major characteristics of high-nAch people:

1. They feel personally responsible for completing whatever tasks they are assigned. They accept credit for success and blame for failure.
2. They like situations where the probability of success is moderate. High-nAch people are not motivated by tasks that are too easy or extremely difficult. Instead, they prefer situations where the outcome is uncertain, but in which they believe they can succeed if they exert enough effort. They avoid both simple and impossible situations.
3. They have very strong desires for feedback about how well they are doing. They actively seek out performance feedback. It doesn't matter whether the information implies success or failure. They want to know whether they have achieved or not. They constantly ask how they are doing, sometimes to the point of being a nuisance.

Why is nAch important to organizational behavior? The answer is, the success of many organizations is dependent on the nAch levels of their employees. **In fact, McClelland argued that the success of entire societies is dependent on its achievement needs.** This is especially true for jobs that require self-motivation and managing others. Employees who continuously have to be told how to do their jobs

require an overly large management team, and too many layers of management spell trouble in the current marketplace. Today's flexible, cost-conscious organizations have no room for top-heavy structures; their high-nAch employees perform their jobs well with minimal supervision.

Many organizations manage the achievement needs of their employees poorly. A common perception about people who perform unskilled jobs is that they are unmotivated and content doing what they are doing. But, if they have achievement needs, the job itself creates little motivation to perform. It is too easy. There are not enough workers who feel personal satisfaction for having the cleanest floors in a building. Designing jobs that are neither too challenging nor too boring is key to managing motivation. Job enrichment is one effective strategy; this frequently entails training and rotating employees through different jobs, or adding new challenges.

**New York Metro workers carrying a sign**

The New York City Metropolitan Transit Authority undertook a new approach to how they perform critical inspection and maintenance of subway components that are necessary to providing reliable service. Rather than schedule these inspections during regular hours, they consulted with the maintenance workers, who suggested doing the inspections while sections of the subway were closed to trains for seven consecutive hours. This

process was adopted and provided a safer and more efficient way to maintain and clean New York City's sprawling subway. With no trains running, MTA employees are able to inspect signals, replace rails and crossties, scrape track floors, clean stations, and paint areas that are not reachable during normal train operation. Workers also took the opportunity to clean lighting fixtures, change bulbs, and repair platform edges while performing high-intensity station cleaning. (Credit: Patrick Cashin/ flickr/ Attribution 2.0 Generic (CC BY 2.0))



## Need for Affiliation

This need is the second of McClelland's learned needs. The **need for affiliation (nAff)** reflects a desire to establish and maintain warm and friendly relationships with other people. As with nAch, nAff varies in intensity across individuals. As you would

expect, high-nAff people are very sociable. They're more likely to go bowling with friends after work than to go home and watch television. Other people have lower affiliation needs. This doesn't mean that they avoid other people, or that they dislike others. They simply don't exert as much effort in this area as high-nAff people do.

The nAff has important implications for organizational behavior. High-nAff people like to be around other people, including other people at work. As a result, they perform better in jobs that require teamwork. Maintaining good relationships with their coworkers is important to them, so they go to great lengths to make the work group succeed because they fear rejection. So, high-nAff employees will be especially motivated to perform well if others depend on them. In contrast, if high-nAff people perform jobs in isolation from other people, they will be less motivated to perform well. Performing well on this job won't satisfy their need to be around other people.

Effective managers carefully assess the degree to which people have high or low nAff. Employees high in nAff should be placed in jobs that require or allow interactions with other employees. Jobs that are best performed alone are more appropriate for low-nAff employees, who are less likely to be frustrated.

## Need for Power

The third of McClelland's learned needs, the **need for power (nPow)**, is the need to control things, especially other people. It reflects a motivation to influence and be responsible for other people. An employee who is often talkative, gives orders, and argues a lot is motivated by the need for power over others.

Employees with high nPow can be beneficial to organizations. High-nPow people do have effective employee behaviors, but at times they're disruptive. A high-nPow person may try to convince others to do things that are detrimental to the organization. So, when is this need good, and when is it bad? Again, there are no easy answers. McClelland calls this the "two faces of power." [D. C. McClelland. 1970. The two faces of power. \*Journal of International Affairs\* 24:29–47.](#) A *personal power seeker* endeavors to control others mostly for the sake of dominating them. They want others to respond to their wishes whether or not it is good for the organization. They "build empires," and they protect them.

McClelland's other power seeker is the *social power seeker*. A high social power seeker satisfies needs for power by influencing others, like the personal power seeker. They differ in that they feel best when they have influenced a work group to achieve

the group's goals, and not some personal agenda. High social power seekers are concerned with goals that a work group has set for itself, and they are motivated to influence others to achieve the goal. This need is oriented toward fulfilling responsibilities to the employer, not to the self.

McClelland has argued that the high need for social power is the most important motivator for successful managers. Successful managers tend to be high in this type of nPow. High need for achievement can also be important, but it sometimes results in too much concern for personal success and not enough for the employer's success. The need for affiliation contributes to managerial success only in those situations where the maintenance of warm group relations is as important as getting others to work toward group goals.

The implication of McClelland's research is that organizations should try to place people with high needs for social power in managerial jobs. It is critical, however, that those managerial jobs allow the employee to satisfy the nPow through social power acquisition. Otherwise, a manager high in nPow may satisfy this need through acquisition of personal power, to the detriment of the organization.



## Corporate Social Responsibility as a Motivating Force

Whatever their perspective, most people have a cause that they are passionate about. Bitcoin or net neutrality, sea levels or factory farming—social causes bind us to a larger context or assume a higher purpose for living better.

So what motivates employees to give their all, work creatively, and be fully engaged? According to CB Bhattacharya, the Pietro Ferrero Chair in Sustainability at ESMT European School of Management and Technology in Berlin, Germany, employment engagement, or how positive employees feel about their current job, was at an all-time low globally in 2016: 13 percent. But not all companies battle such low engagement rates. Unilever employees more than 170,000 workers globally and has an employ engagement level around 80 percent. How? Bhattacharya credits the success of Unilever, and other companies with similar engagement levels, to an emphasis on a “sustainable business model.” He outlines eight steps that companies take to move sustainability and social responsibility from buzzwords to a company mission capable of motivating employees (Knowledge @ Wharton 2016).

According to Bhattacharya, a company needs to first define what it does and its long-term purpose, and then reconcile its sustainability goals with its economic goals. With its purpose and goals defined, it can then educate the workforce on

sustainable methods to create knowledge and competence. Champions for the effort must be found throughout the organization, not just at the top. Competition should be encouraged among employees to find and embrace new goals.

Sustainability should be visible both within and outside the company. Sustainability should be tied to a higher purpose and foster a sense of unity not simply among employees, but even with competition at a societal level (Knowledge @ Wharton 2016).

Other companies have made social responsibility an everyday part of what they do. Launched in 2013, Bombas is the brain child of Randy Goldberg and David Heath. Goldberg and Heath discovered that socks are the most-requested clothing at homeless shelters. In response, the two entrepreneurs launched a line of socks that not only “reinvents” the sock (they claim), but also helps those in need. For each pair of socks purchased, the company donates a pair of socks to someone in need (Mulvey 2017). According to the company website, “Bombas exists to help solve this problem, to support the homeless community, and to bring awareness to an under-publicized problem in the United States” (n.p.). Although the New York-based company is still growing, as of October 2017 Bombas had donated more than four million pairs of socks (Bombas 2017).

In 2016, the Royal Bank of Scotland (RBS) launched a pilot program called Jump in which

employees participated in challenges on ways to save water and electricity, as well as other sustainability issues. At the end of the pilot, 95 percent of the employees reported that they felt the program had contributed to employee engagement, team building, and environmental stability. Given the success of the program, in 2017 it was expanded to all RBS sites and a smartphone app was added to help employees participate in the challenges (Barton 2017).

Placing a *company* in a larger context and adding a second, higher purpose than the established company goals motivates employees to police the company itself to be a better global citizen.

Companies benefit from reduced waste and increased employee engagement. Many companies are successfully motivating their staff, and working toward more sustainable practices, while improving lives directly.

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1. Do you think social responsibility to promote sustainable practices? Why or why not?
2. Do you think most companies' CSR programs are essentially PR gimmicks? Why or why not? Give examples.

## Maslow's Hierarchy of Needs

Any discussion of needs that motivate performance would be incomplete without considering Abraham Maslow. A.H. Maslow. 1943. A theory of human motivation. *Psychological Bulletin* 50:370–396; A.H. Maslow. 1954. *Motivation and personality*. New York: Harper & Row; A. H. Maslow. 1965. *Eupsychian management*. Homewood, IL: Irwin. Thousands of managers in the 1960s were exposed to Maslow's theory through the popular writings of Douglas McGregor. D. McGregor. 1960. *The human side of enterprise*. New York: McGraw-Hill; D. McGregor. 1967. *The professional manager*. New York: McGraw-Hill. Today, many of them still talk about employee

motivation in terms of Maslow's theory.

Maslow was a psychologist who, based on his early research with primates (monkeys), observations of patients, and discussions with employees in organizations, theorized that human needs are arranged hierarchically. That is, before one type of need can manifest itself, other needs must be satisfied. For example, our need for water takes precedence over our need for social interaction (this is also called *prepotency*). We will always satisfy our need for water before we satisfy our social needs; water needs have prepotency over social needs. Maslow's theory differs from others that preceded it because of this hierarchical, prepotency concept.

Maslow went on to propose five basic types of human needs. This is in contrast to the thousands of needs that earlier researchers had identified, and also fewer than Murray identified in his theory. Maslow condensed human needs into a manageable set. Those five human needs, in the order of prepotency in which they direct human behavior, are:

1. *Physiological and survival needs.* These are the most basic of human needs, and include the needs for water, food, sex, sleep, activity, stimulation, and oxygen.
2. *Safety and security needs.* These needs invoke behaviors that assure freedom from danger.

This set of needs involves meeting threats to our existence, including extremes in environmental conditions (heat, dust, and so on), assault from other humans, tyranny, and murder. In other words, satisfaction of these needs prevents fear and anxiety while adding stability and predictability to life.

3. *Social needs.* These needs reflect human desires to be the target of affection and love from others. They are especially satisfied by the presence of spouses, children, parents, friends, relatives, and others to whom we feel close. Feelings of loneliness and rejection are symptoms that this need has not been satisfied.
4. *Ego and esteem.* Esteem needs go beyond social needs. They reflect our need to be respected by others, and to have esteem for ourselves. It is one thing to be liked by others. It is another thing to be respected for our talents and abilities. Ego and esteem needs have internal (self) and external (others) focuses. An internal focus includes desires for achievement, strength, competence, confidence, and independence. An external focus includes desires to have prestige, recognition, appreciation, attention, and respect from others. Satisfaction of external esteem needs can lead to satisfaction of internal esteem needs.
5. *Self-actualization.* Self-actualization needs are the most difficult to describe. Unlike the other

needs, the need for self-actualization is never completely satisfied. Self-actualization involves a desire for self-fulfillment, “to become more and more what one is, to become everything that one is capable of becoming.”[Maslow, 1943, 382](#). Because people are so different in their strengths and weaknesses, in capacities and limitations, the meaning of self-actualization varies greatly. Satisfying self-actualization needs means developing all of our special abilities to their fullest degree.

Seattle protester with sign

(Credit: Adrenalin Tim /flickr/ Attribution 2.0

Generic (CC BY 2.0))



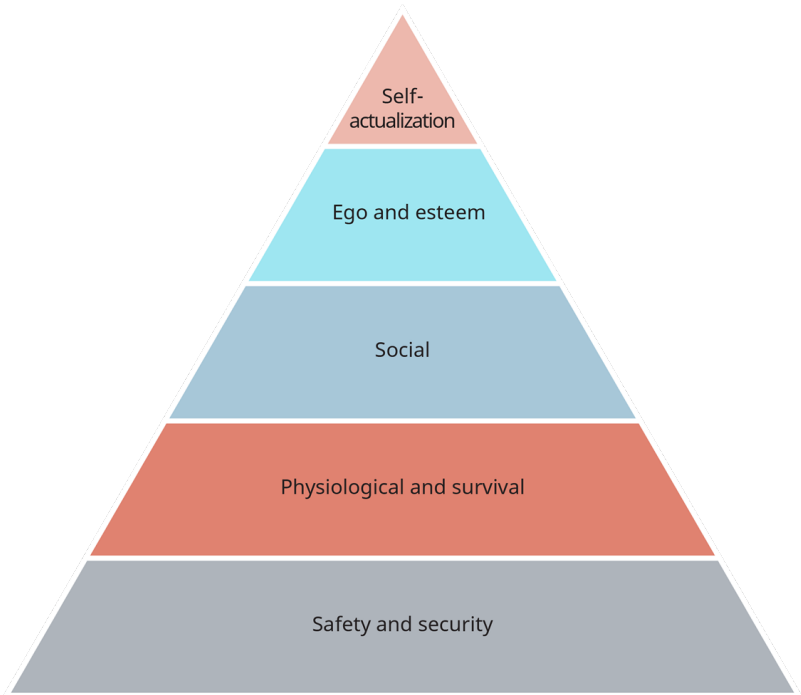
[\[link\]](#) A protester at an anti-war demonstration in Seattle held up this sign. Where would you place that on Maslow's hierarchy of needs?



[\[link\]](#) illustrates Maslow's proposed hierarchy of needs. According to his theory, people first direct their attention to satisfying their lower-order needs. Those are the needs at the bottom of the pyramid (physiological, safety, and security). Once those needs have been satisfied, the next level, social needs, become energized. Once satisfied, we focus on our ego and esteem needs. Maslow believed that most people become fixated at this level. That is, most people spend much of their lives developing self-esteem and the esteem of others. But, once those esteem needs are satisfied, Maslow predicted that self-actualization needs would dominate. There are no higher levels in the pyramid, because self-actualization needs can never be fully satisfied. They represent a continuing process of self-development and self-improvement that, once satisfied on one dimension (painting), create motivation to continue on other dimensions (sculpting). One wonders if athletes like Tim Tebow are self-actualizing when they participate in multiple sporting endeavors at the professional level.

### **Maslow's Hierarchy of Needs**

*Source:* Based on A. H. Maslow. 1943. A theory of human motivation. *Psychological Bulletin* 50:370–396.



An overriding principle in this theory is that a person's attention (direction) and energy (intensity) will focus on satisfying the lowest-level need that is not currently satisfied. Needs can also be satisfied at some point but become active (dissatisfied) again. Needs must be "maintained" (we must continue to eat occasionally). According to Maslow, when lower-level needs are reactivated, we once again concentrate on that need. That is, we lose interest in the higher-level needs when lower-order needs are energized.

The implications of Maslow's theory for organizational behavior are as much conceptual as they are practical. The theory posits that to

maximize employee motivation, employers must try to guide workers to the upper parts of the hierarchy. That means that the employer should help employees satisfy lower-order needs like safety and security and social needs. Once satisfied, employees will be motivated to build esteem and respect through their work achievements. [\[link\]](#) shows how Maslow's theory relates to factors that organizations can influence. For example, by providing adequate pay, safe working conditions, and cohesive work groups, employers help employees satisfy their lower-order needs. Once satisfied, challenging jobs, additional responsibilities, and prestigious job titles can help employees satisfy higher-order esteem needs.

Maslow's theory is still popular among practicing managers. Organizational behavior researchers, however, are not as enamored with it because research results don't support Maslow's hierarchical notion. Apparently, people don't go through the five levels in a fixed fashion. On the other hand, there is some evidence that people satisfy the lower-order needs before they attempt to satisfy higher-order needs. Refinements of Maslow's theory in recent years reflect this more limited hierarchy. [C.P. Alderfer. 1972. \*Existence, relatedness, and growth: Human needs in organizational settings\*. New York: Free Press.](#) The self-assessment below will allow you to evaluate the strength of your five needs.

## Alderfer's ERG Theory

Clayton Alderfer observed that very few attempts had been made to test Maslow's full theory. Further, the evidence accumulated provided only partial support. During the process of refining and extending Maslow's theory, Alderfer provided another need-based theory and a somewhat more useful perspective on motivation. [D.T. Hall & K.E. Nougaim. 1968. An examination of Maslow's need hierarchy in an organizational setting.](#)

[Organizational Behavior and Human Performance](#)

[3:12–35; E.E. Lawler, III & J.L. Suttle. 1972. A causal correlational test of the need hierarchy concept.](#)

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[Performance](#) [7:265–287; M.A. Wahba & L.G.](#)

[Bridwell. 1973. Maslow reconsidered: A review of research on the need hierarchy theory.](#)

[Proceedings of the thirty-third annual meeting of the Academy of](#)

[Management](#), [514–520.](#) Alderfer's **ERG theory**

compresses Maslow's five need categories into three: existence, relatedness, and growth. [C.P. Alderfer.](#)

[1972. Existence, relatedness, and growth: Human needs and organizational settings.](#) New York: Free Press. In

addition, ERG theory details the dynamics of an individual's movement between the need categories in a somewhat more detailed fashion than typically characterizes interpretations of Maslow's work.

As shown in [\[link\]](#), the ERG model addresses the same needs as those identified in Maslow's work:

## Alderfer's ERG Theory

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- *Existence needs* include physiological and material safety needs. These needs are satisfied by material conditions and not through interpersonal relations or personal involvement in the work setting.
- *Relatedness needs* include all of Maslow's social

needs, plus social safety and social esteem needs. These needs are satisfied through the exchange of thoughts and feelings with other people.

- *Growth needs* include self-esteem and self-actualization needs. These needs tend to be satisfied through one's full involvement in work and the work setting.

[\[link\]](#) identifies a number of ways in which organizations can help their members satisfy these three needs.

**Satisfying Existence, Relatedness, and Growth Needs**  
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### **Growth Opportunities**

- Challenging job
- Creativity
- Organizational advancement
- Responsibility
- Autonomy
- Interesting work
- Achievement
- Participation

### **Relatedness Opportunities**

- Friendship
- Interpersonal security
- Athletic teams
- Social recognition
- Quality supervision
- Work teams
- Social events
- Merit pay

### **Existence Opportunities**

- Heat
- Lighting
- Base salary
- Insurance
- Retirement
- Air conditioning
- Restrooms
- Cafeteria
- Job security
- Health programs
- Clean air
- Drinking water
- Safe conditions
- No layoffs
- Time off

Four components—satisfaction progression, frustration, frustration regression, and aspiration—are key to understanding Alderfer's ERG theory. The first of these, *satisfaction progression*, is in basic agreement with Maslow's process of moving through the needs. As we increasingly satisfy our existence needs, we direct energy toward relatedness needs. As these needs are satisfied, our growth needs become more active. The second component, *frustration*, occurs when we attempt but fail to satisfy a particular need. The resulting frustration may make satisfying the unmet need even more important to us—unless we repeatedly fail to satisfy

that need. In this case, Alderfer's third component, *frustration regression*, can cause us to shift our attention to a previously satisfied, more concrete, and verifiable need. Lastly, the *aspiration* component of the ERG model notes that, by its very nature, growth is intrinsically satisfying. The more we grow, the more we want to grow. Therefore, the more we satisfy our growth need, the more important it becomes and the more strongly we are motivated to satisfy it.

### **Jamie Dimon**

Jamie Dimon, CEO at JP Morgan Chase, is reported to make \$27 million dollars per year, and as CEO has an interesting and intrinsically rewarding job. Starting tellers at a Chase Bank make a reported \$36,100 per year and are in a position that has repeated tasks and may not be the most rewarding from a motivational point of view. How does this pay structure relate to self-determination theory (SDT)? (Credit: Stefan Chow/ flickr/ Attribution 2.0 Generic (CC BY 2.0))





Alderfer's model is potentially more useful than Maslow's in that it doesn't create false motivational categories. For example, it is difficult for researchers to ascertain when interaction with others satisfies our need for acceptance and when it satisfies our need for recognition. ERG also focuses attention explicitly on movement through the set of needs in both directions. Further, evidence in support of the three need categories and their order tends to be stronger than evidence for Maslow's five need categories and their relative order.

## **Herzberg's Motivator-Hygiene Theory**

Clearly one of the most influential motivation theories throughout the 1950s and 1960s was Frederick Herzberg's motivator-hygiene theory.[Note](#)

that Herzberg's theory has often been labeled the "two-factor theory" because it focuses on two continua. This name, however, implies that only two factors are involved, which is not correct. Herzberg prefers not to use the term "two-factor theory" because his two sets of needs identify a much larger number of needs. This theory is a further refinement of Maslow's theory. Herzberg argued that there are two sets of needs, instead of the five sets theorized by Maslow. He called the first set "motivators" (or growth needs). **Motivators**, which relate to the jobs we perform and our ability to feel a sense of achievement as a result of performing them, are rooted in our need to experience growth and self-actualization. The second set of needs he termed "hygienes." **Hygienes** relate to the work environment and are based in the basic human need to "avoid pain." According to Herzberg, growth needs motivate us to perform well and, when these needs are met, lead to the experience of satisfaction. Hygiene needs, on the other hand, must be met to avoid dissatisfaction (but do not necessarily provide satisfaction or motivation).

F. Herzberg, B. Mausner, & B. Snyderman. 1959. *The motivation to work*. New York: Wiley; F. Herzberg. 1966. *Work and the nature of man*. New York: Crowell; F. Herzberg. 1968. One more time: How do you motivate employees? *Harvard Business Review* 46:54–62.

Hygiene factors are not directly related to the work itself (job content). Rather, hygienes refer to job

context factors (pay, working conditions, supervision, and security). Herzberg also refers to these factors as “dissatisfiers” because they are frequently associated with dissatisfied employees. These factors are so frequently associated with dissatisfaction that Herzberg claims they never really provide satisfaction. When they’re present in sufficient quantities, we avoid dissatisfaction, but they do not contribute to satisfaction. Furthermore, since meeting these needs does not provide satisfaction, Herzberg concludes that they do not motivate workers.

Motivator factors involve our long-term need to pursue psychological growth (much like Maslow’s esteem and self-actualization needs). Motivators relate to *job content*. Job content is what we actually *do* when we perform our job duties. Herzberg considered job duties that lead to feelings of achievement and recognition to be motivators. He refers to these factors as “satisfiers” to reflect their ability to provide satisfying experiences. When these needs are met, we experience satisfaction. Because meeting these needs provides satisfaction, they motivate workers. More specifically, Herzberg believes these motivators lead to high performance (achievement), and the high performance itself leads to satisfaction.

The unique feature of Herzberg’s theory is that job conditions that prevent dissatisfaction do not cause

satisfaction. Satisfaction and dissatisfaction are on different “scales” in his view. Hygienes can cause dissatisfaction if they are not present in sufficient levels. Thus, an employee can be dissatisfied with low pay. But paying him more will not cause long-term satisfaction *unless* motivators are present. Good pay *by itself* will only make the employee neutral toward work; to attain satisfaction, employees need challenging job duties that result in a sense of achievement. Employees can be dissatisfied, neutral, or satisfied with their jobs, depending on their levels of hygienes and motivators. Herzberg’s theory even allows for the possibility that an employee can be satisfied and dissatisfied at the same time—the “I love my job but I hate the pay” situation!

Herzberg’s theory has made lasting contributions to organizational research and managerial practice. Researchers have used it to identify the wide range of factors that influence worker reactions. Previously, most organizations attended primarily to hygiene factors. Because of Herzberg’s work, organizations today realize the potential of motivators. Job enrichment programs are among the many direct results of his research.

Herzberg’s work suggests a two-stage process for managing employee motivation and satisfaction. First, managers should address the hygiene factors. Intense forms of dissatisfaction distract employees from important work-related activities and tend to

be demotivating. R.B. Dunham, J.L. Pierce, & J.W. Newstrom. 1983. Job context and job content: A conceptual perspective. *Journal of Management* 9:187–202. Thus, managers should make sure that such basic needs as adequate pay, safe and clean working conditions, and opportunities for social interaction are met. They should then address the much more powerful motivator needs, in which workers experience recognition, responsibility, achievement, and growth. If motivator needs are ignored, neither long-term satisfaction nor high motivation is likely. When motivator needs are met, however, employees feel satisfied and are motivated to perform well.

## Self-Determination Theory

One major implication of Herzberg's motivator-hygiene theory is the somewhat counterintuitive idea that managers should focus more on motivators than on hygienes. (After all, doesn't everyone want to be paid well? Organizations have held this out as a chief motivator for decades!) Why might concentrating on motivators give better results? To answer this question, we must examine *types* of motivation. Organizational behavior researchers often classify motivation in terms of what stimulates it. In the case of **extrinsic motivation**, we endeavor to acquire something that satisfies a lower-order need. Jobs that pay well and that are performed in

safe, clean working conditions with adequate supervision and resources directly or indirectly satisfy these lower-order needs. These “outside the person” factors are *extrinsic rewards*.

Factors “inside” the person that cause people to perform tasks, **intrinsic motivation**, arise out of performing a task in and of itself, because it is interesting or “fun” to do. The task is enjoyable, so we continue to do it *even in the absence* of extrinsic rewards. That is, we are motivated by *intrinsic rewards*, rewards that we more or less give ourselves. Intrinsic rewards satisfy higher-order needs like relatedness and growth in ERG theory. When we sense that we are valuable contributors, are achieving something important, or are getting better at some skill, we like this feeling and strive to maintain it.

**Self-determination theory (SDT)** seeks to explain not only what causes motivation, but also how extrinsic rewards affect intrinsic motivation. [R.M. Ryan & E.L. Deci. 2000. Self-determination theory and the facilitation of intrinsic motivation, social development, and well-being. \*American Psychologist\* 55:68–78.](#) In SDT, extrinsic motivation refers to the performance of an activity in order to attain some valued outcome, while intrinsic motivation refers to performing an activity for the inherent satisfaction of the activity itself. SDT specifies when an activity will be intrinsically motivating and when it will not.

Considerable numbers of studies have demonstrated that tasks are intrinsically motivating when they satisfy at least one of three higher-order needs: competence, autonomy, and relatedness. These precepts from SDT are entirely consistent with earlier discussions of theories by McClelland, Maslow, Alderfer, and Herzberg.

SDT takes the concepts of extrinsic rewards and intrinsic motivation further than the other need theories. SDT researchers have consistently found that as the level of extrinsic rewards increases, the amount of intrinsic motivation *decreases*. That is, SDT posits that extrinsic rewards not only do not provide intrinsic motivation, they diminish it. Think of this in terms of hobbies. Some people like to knit, others like to carve wood. They do it because it is intrinsically motivating; the hobby satisfies needs for competence, autonomy, and relatedness. But what happens if these hobbyists start getting paid well for their sweaters and carvings? Over time the hobby becomes less fun and is done in order to receive extrinsic rewards (money). Extrinsic motivation increases as intrinsic motivation decreases! When extrinsic rewards are present, people do not feel like what they do builds competence, is self-determined, or enhances relationships with others.

SDT theory has interesting implications for the management of organizational behavior. Some jobs

are by their very nature uninteresting and unlikely to be made interesting. Automation has eliminated many such jobs, but they are still numerous. SDT would suggest that the primary way to motivate high performance for such jobs is to make performance contingent on extrinsic rewards. Relatively high pay is necessary to sustain performance on certain low-skill jobs. On the other hand, SDT would suggest that to enhance intrinsic motivation on jobs that are interesting, don't focus only on increasing extrinsic rewards (like large pay bonuses). Instead, create even more opportunities for employees to satisfy their needs for competence, autonomy, and relatedness. That means giving them opportunities to learn new skills, to perform their jobs without interference, and to develop meaningful relationships with other customers and employees in other departments. Such actions enhance intrinsic rewards.

You may have noticed that content theories are somewhat quiet about what determines the intensity of motivation. For example, some people steal to satisfy their lower-order needs (they have high intensity). But most of us don't steal. Why is this? Process theories of motivation attempt to explain this aspect of motivation by focusing on the intensity of motivation as well as its direction. According to self-determination theory, skilled workers who are given a chance to hone their skills and the freedom to practice their craft will be



intrinsically motivated.

1. Understand the content theories of motivation.
2. Understand the contributions that Murray, McClelland, Maslow, Alderfer, and Herzberg made toward an understanding of human motivation.

1. Describe a content theory of motivation, and compare and contrast the main content theories of motivation: manifest needs theory, learned needs theory, Maslow's hierarchy of needs, Alderfer's ERG theory, Herzberg's motivator-hygiene theory, and self-determination theory.

Motivation theories are classified as either content or process theories. Content theories focus on what motivates behavior. The basic premise of content theories is that humans have needs. When these needs are not satisfied, humans are motivated to satisfy the need. The need provides direction for motivation. Murray's manifest needs theory, McClelland's learned needs theory, Maslow's hierarchy of needs, and Herzberg's motivator-hygiene theory are all content theories. Each has

something to say about the needs that motivate humans in the workplace.

## Glossary

### ERG theory

Compresses Maslow's five need categories into three: existence, relatedness, and growth.

### extrinsic motivation

Occurs when a person performs a given behavior to acquire something that will satisfy a lower-order need.

### hedonism

Assumes that people are motivated to satisfy mainly their own needs (seek pleasure, avoid pain).

### hygienes

Factors in the work environment that are based on the basic human need to "avoid pain."

### instincts

Our natural, fundamental needs, basic to our survival.

### intrinsic motivation

Arises out of performing a behavior in and of itself, because it is interesting or "fun" to do.

latent needs

Cannot be inferred from a person's behavior at a given time, yet the person may still possess those needs.

manifest needs

Are needs motivating a person at a given time.

manifest needs theory

Assumes that human behavior is driven by the desire to satisfy needs.

motivators

Relate to the jobs that people perform and people's ability to feel a sense of achievement as a result of performing them.

motive

A source of motivation; the need that a person is attempting to satisfy.

need for achievement (nAch)

The need to excel at tasks, especially tasks that are difficult.

need for affiliation (nAff)

The need to establish and maintain warm and friendly relationships with other people.

need for power (nPow)

The need to control things, especially other

people; reflects a motivation to influence and be responsible for other people.

need

A human condition that becomes energized when people feel deficient in some respect.

primary needs

Are instinctual in nature and include physiological needs for food, water, and sex (procreation).

secondary needs

Are learned throughout one's life span and are psychological in nature.

self-determination theory (SDT)

Seeks to explain not only what causes motivation, but also the effects of extrinsic rewards on intrinsic motivation.

## Process Theories of Motivation

1. Describe the process theories of motivation, and compare and contrast the main process theories of motivation: operant conditioning theory, equity theory, goal theory, and expectancy theory.

*Process theories* of motivation try to explain *why* behaviors are initiated. These theories focus on the mechanism by which we choose a target, and the effort that we exert to “hit” the target. There are four major process theories: (1) operant conditioning, (2) equity, (3) goal, and (4) expectancy.

## Operant Conditioning Theory

Operant conditioning theory is the simplest of the motivation theories. It basically states that people will do those things for which they are rewarded and will avoid doing things for which they are punished. This premise is sometimes called the “law of effect.” However, if this were the sum total of conditioning theory, we would not be discussing it here. Operant conditioning theory does offer greater insights than “reward what you want and punish what you don’t,” and knowledge of its principles can lead to effective management practices.

Operant conditioning focuses on the learning of voluntary behaviors. [B.F. Skinner. 1953. \*Science and human behavior\*. New York: Free Press;](#) [B.F. Skinner. 1969. \*Contingencies of reinforcement\*. East Norwalk, CT: Appleton Century-Crofts;](#) [B.F. Skinner. 1971. \*Beyond freedom and dignity\*. New York: Bantam Books.](#) The term **operant conditioning** indicates that learning results from our “operating on” the environment. After we “operate on the environment” (that is, behave in a certain fashion), consequences result. These consequences determine the likelihood of similar behavior in the future. Learning occurs because we do something to the environment. The environment then reacts to our action, and our subsequent behavior is influenced by this reaction.

## The Basic Operant Model

According to **operant conditioning theory**, we learn to behave in a particular fashion because of consequences that resulted from our past behaviors. [Ibid.](#) The learning process involves three distinct steps (see [\[link\]](#) ). The first step involves a *stimulus* (S). The stimulus is any situation or event we perceive that we then respond to. A homework assignment is a stimulus. The second step involves a *response* (R), that is, any behavior or action we take in reaction to the stimulus. Staying up late to get your homework assignment in on time is a response. (We use the words response and behavior

interchangeably here.) Finally, a *consequence* (C) is any event that follows our response and that makes the response more or less likely to occur in the future. If Colleen Sullivan receives praise from her superior for working hard, and if getting that praise is a pleasurable event, then it is likely that Colleen will work hard again in the future. If, on the other hand, the superior ignores or criticizes Colleen's response (working hard), this consequence is likely to make Colleen avoid working hard in the future. It is the experienced consequence (positive or negative) that influences whether a response will be repeated the next time the stimulus is presented.

## Process Theories of Motivation

### General Operant Model:

$S \rightarrow R \rightarrow C$

### Ways to Strengthen the

$S \rightarrow R$  Link

- |                                                   |                          |
|---------------------------------------------------|--------------------------|
| 1. $S \rightarrow R \rightarrow C +$              | (Positive Reinforcement) |
| 2. $S \rightarrow R \rightarrow C -$              | (Negative Reinforcement) |
| 3. $S \rightarrow R \rightarrow (\text{no } C -)$ | (Avoidance Learning)     |

### Ways to Weaken the S

$\rightarrow R$  Link

- |                                                 |                    |
|-------------------------------------------------|--------------------|
| 1. $S \rightarrow R \rightarrow (\text{no } C)$ | (Nonreinforcement) |
| 2. $S \rightarrow R \rightarrow C -$            | (Punishment)       |

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**Reinforcement** occurs when a consequence makes it more likely the response/behavior will be repeated in the future. In the previous example, praise from Colleen's superior is a reinforcer.

**Extinction** occurs when a consequence makes it less likely the response/behavior will be repeated in the future. Criticism from Colleen's supervisor could cause her to stop working hard on any assignment.

There are three ways to make a response more likely to recur: positive reinforcement, negative reinforcement, and avoidance learning. In addition, there are two ways to make the response less likely to recur: nonreinforcement and punishment.

## **Making a Response More Likely**

According to reinforcement theorists, managers can encourage employees to repeat a behavior if they provide a desirable consequence, or reward, after the behavior is performed. A **positive reinforcement** is a desirable consequence that satisfies an active need or that removes a barrier to need satisfaction. It can be as simple as a kind word or as major as a promotion. Companies that provide "dinners for two" as awards to those employees who go the extra mile are utilizing positive reinforcement. It is important to note that there are



wide variations in what people consider to be a positive reinforcer. Praise from a supervisor may be a powerful reinforcer for some workers (like high-nAch individuals) but not others.

Another technique for making a desired response more likely to be repeated is known as **negative reinforcement**. When a behavior causes something undesirable to be taken away, the behavior is more likely to be repeated in the future. Managers use negative reinforcement when they remove something unpleasant from an employee's work environment in the hope that this will encourage the desired behavior. Ted doesn't like being continually reminded by Philip to work faster (Ted thinks Philip is nagging him), so he works faster at stocking shelves to avoid being criticized. Philip's reminders are a negative reinforcement for Ted.

Approach using negative reinforcement with extreme caution. Negative reinforcement is often confused with punishment. Punishment, unlike reinforcement (negative or positive), is intended to make a particular behavior go away (not be repeated). Negative reinforcement, like positive reinforcement, is intended to make a behavior more likely to be repeated in the future. In the previous example, Philip's reminders simultaneously punished one behavior (slow stocking) and reinforced another (faster stocking). The difference is often a fine one, but it becomes clearer when we

identify the behaviors we are trying to encourage (reinforcement) or discourage (punishment).

### Workers stacking eggs

A worker stacks eggs on the shelves at a supermarket. Consider the interchange between Ted and Philip regarding speeding up the shelf restocking process. What could go wrong? (Credit: Alex Barth/ flickr/ Attribution 2.0 Generic (CC BY 2.0))



A third method of making a response more likely to occur involves a process known as avoidance learning. **Avoidance learning** occurs when we learn to behave in a certain way to avoid encountering an undesired or unpleasant consequence. We may learn to wake up a minute or so before our alarm clock rings so we can turn it off and not hear the irritating buzzer. Some workers learn to get to work on time to avoid the harsh

words or punitive actions of their supervisors. Many organizational discipline systems rely heavily on avoidance learning by using the threat of negative consequences to encourage desired behavior. When managers warn an employee not to be late again, when they threaten to fire a careless worker, or when they transfer someone to an undesirable position, they are relying on the power of avoidance learning.

### **Making a Response Less Likely**

At times it is necessary to discourage a worker from repeating an undesirable behavior. The techniques managers use to make a behavior less likely to occur involve doing something that frustrates the individual's need satisfaction or that removes a currently satisfying circumstance. **Punishment** is an aversive consequence that follows a behavior and makes it less likely to reoccur.

Note that managers have another alternative, known as **nonreinforcement**, in which they provide no consequence at all following a worker's response. Nonreinforcement eventually reduces the likelihood of that response reoccurring, which means that managers who fail to reinforce a worker's desirable behavior are also likely to see that desirable behavior less often. If Philip never rewards Ted when he finishes stocking on time, for instance, Ted will probably stop trying to beat the clock.

Nonreinforcement can also reduce the likelihood that employees will repeat undesirable behaviors, although it doesn't produce results as quickly as punishment does. Furthermore, if other reinforcing consequences are present, nonreinforcement is unlikely to be effective.

While punishment clearly works more quickly than does nonreinforcement, it has some potentially undesirable side effects. Although punishment effectively tells a person what *not* to do and stops the undesired behavior, it does not tell them what they *should* do. In addition, even when punishment works as intended, the worker being punished often develops negative feelings toward the person who does the punishing. Although sometimes it is very difficult for managers to avoid using punishment, it works best when reinforcement is also used. An experiment conducted by two researchers at the University of Kansas found that using nonmonetary reinforcement in addition to punitive disciplinary measures was an effective way to decrease absenteeism in an industrial setting. [R. W. Kempen & R. V. Hall. 1977. Reduction of industrial absenteeism: Results of a behavioral approach. \*Journal of Organizational Behavior Management\* 20:1–21.](#)

## **Schedules of Reinforcement**

When a person is learning a new behavior, like how

to perform a new job, it is desirable to reinforce effective behaviors every time they are demonstrated (this is called *shaping*). But in organizations it is not usually possible to reinforce desired behaviors every time they are performed, for obvious reasons. Moreover, research indicates that constantly reinforcing desired behaviors, termed *continuous reinforcement*, can be detrimental in the long run. Behaviors that are learned under continuous reinforcement are quickly extinguished (cease to be demonstrated). This is because people will expect a reward (the reinforcement) every time they display the behavior. When they don't receive it after just a few times, they quickly presume that the behavior will no longer be rewarded, and they quit doing it. Any employer can change employees' behavior by simply not paying them!

If behaviors cannot (and should not) be reinforced every time they are exhibited, how often should they be reinforced? This is a question about **schedules of reinforcement**, or the frequency at which effective employee behaviors should be reinforced. Much of the early research on operant conditioning focused on the best way to maintain the performance of desired behaviors. That is, it attempted to determine how frequently behaviors need to be rewarded so that they are not extinguished. Research zeroed in on four types of reinforcement schedules:

**Fixed Ratio.** With this schedule, a fixed number of responses (let's say five) must be exhibited before any of the responses are reinforced. If the desired response is coming to work on time, then giving employees a \$25 bonus for being punctual every day from Monday through Friday would be a fixed ratio of reinforcement.

**Variable Ratio.** A variable-ratio schedule reinforces behaviors, *on average*, a fixed number of times (again let's say five). Sometimes the tenth behavior is reinforced, other times the first, but on average every fifth response is reinforced. People who perform under such variable-ratio schedules like this don't know *when* they will be rewarded, but they do know that they *will* be rewarded.

**Fixed Interval.** In a fixed-interval schedule, a certain amount of time must pass before a behavior is reinforced. With a one-hour fixed-interval schedule, for example, a supervisor visits an employee's workstation and reinforces the first desired behavior she sees. She returns one hour later and reinforces the next desirable behavior. This schedule doesn't imply that reinforcement will be received automatically after the passage of the time period. The time must pass *and* an appropriate response must be made.

**Variable Interval.** The variable interval differs from fixed-interval schedules in that the specified time

interval passes *on average* before another appropriate response is reinforced. Sometimes the time period is shorter than the average; sometimes it is longer.

Which type of reinforcement schedule is best? In general, continuous reinforcement is best while employees are learning their jobs or new duties. After that, variable-ratio reinforcement schedules are superior. In most situations the fixed-interval schedule produces the least effective results, with fixed ratio and variable interval falling in between the two extremes. But remember that effective behaviors must be reinforced with some type of schedule, or they may become extinguished.

## **Equity Theory**

Suppose you have worked for a company for several years. Your performance has been excellent, you have received regular pay increases, and you get along with your boss and coworkers. One day you come to work to find that a new person has been hired to work at the same job that you do. You are pleased to have the extra help. Then, you find out the new person is making \$100 more per week than you, despite your longer service and greater experience. How do you feel? If you're like most of us, you're quite unhappy. Your satisfaction has just evaporated. Nothing about your job has changed—

you receive the same pay, do the same job, and work for the same supervisor. Yet, the addition of one new employee has transformed you from a happy to an unhappy employee. This feeling of unfairness is the basis for equity theory.

**Equity theory** states that motivation is affected by the outcomes we receive for our inputs compared to the outcomes and inputs of other people. J.S. Adams. 1965. *Inequity in social exchange*. In L. Berkowitz (ed.), *Advances in experimental social psychology* (Vol. 2). New York: Academic Press; G.C. Homans. 1961. *Social behavior: Its elementary forms*. New York: Harcourt, Brace, & World. This theory is concerned with the reactions people have to outcomes they receive as part of a “social exchange.” According to equity theory, our reactions to the outcomes we receive from others (an employer) depend both on how we value those outcomes in an absolute sense *and* on the circumstances surrounding their receipt. Equity theory suggests that our reactions will be influenced by our perceptions of the “inputs” provided in order to receive these outcomes (“Did I get as much out of this as I put into it?”). Even more important is our comparison of our inputs to what we believe others received for their inputs (“Did I get as much for my inputs as my coworkers got for theirs?”).

## **The Basic Equity Model**



The fundamental premise of equity theory is that we continuously monitor the degree to which our work environment is “fair.” In determining the degree of fairness, we consider two sets of factors, inputs and outcomes (see [\[link\]](#) ). **Inputs** are any factors we contribute to the organization that we feel have value and are relevant to the organization. Note that the value attached to an input is based on *our* perception of its relevance and value. Whether or not anyone else agrees that the input is relevant or valuable is unimportant to us. Common inputs in organizations include time, effort, performance level, education level, skill levels, and bypassed opportunities. Since any factor we consider relevant is included in our evaluation of equity, it is not uncommon for factors to be included that the organization (or even the law) might argue are inappropriate (such as age, sex, ethnic background, or social status).

### The Equity Theory Comparison

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OUTCOMES PERSON	??	OUTCOMES REFERENT OTHER
INPUTS PERSON		INPUTS REFERENT OTHER

**Outcomes** are anything we perceive as getting back from the organization in exchange for our inputs. Again, the value attached to an outcome is based on our perceptions and not necessarily on objective reality. Common outcomes from organizations

include pay, working conditions, job status, feelings of achievement, and friendship opportunities. Both positive and negative outcomes influence our evaluation of equity. Stress, headaches, and fatigue are also potential outcomes. Since any outcome we consider relevant to the exchange influences our equity perception, we frequently include unintended factors (peer disapproval, family reactions).

Equity theory predicts that we will compare our outcomes to our inputs in the form of a ratio. On the basis of this ratio we make an initial determination of whether or not the situation is equitable. If we perceive that the outcomes we receive are commensurate with our inputs, we are satisfied. If we believe that the outcomes are not commensurate with our inputs, we are dissatisfied. This dissatisfaction can lead to ineffective behaviors for the organization if they continue. The key feature of equity theory is that it predicts that we will compare our ratios to the ratios of other people. It is this comparison of the two ratios that has the strongest effect on our equity perceptions. These other people are called referent others because we “refer to” them when we judge equity. Usually, referent others are people we work with who perform work of a similar nature. That is, **referent others** perform jobs that are similar in difficulty and complexity to the employee making the equity determination (see [\[link\]](#) ).

Three conditions can result from this comparison. Our outcome-to-input ratio could equal the referent other's. This is a **state of equity**. A second result could be that our ratio is greater than the referent other's. This is a state of **overreward inequity**. The third result could be that we perceive our ratio to be less than that of the referent other. This is a state of **underreward inequity**.

Equity theory has a lot to say about basic human tendencies. The motivation to compare our situation to that of others is strong. For example, what is the first thing you do when you get an exam back in class? Probably look at your score and make an initial judgment as to its fairness. For a lot of people, the very next thing they do is look at the scores received by fellow students who sit close to them. A 75 percent score doesn't look so bad if everyone else scored lower! This is equity theory in action.

Most workers in the United States are at least partially dissatisfied with their pay.[Ibid.](#) Equity theory helps explain this. Two human tendencies create feelings of inequity that are not based in reality. One is that we tend to overrate our performance levels. For example, one study conducted by your authors asked more than 600 employees to anonymously rate their performance on a 7-point scale (1 = poor, 7 = excellent). The average was 6.2, meaning the *average* employee

rated his or her performance as *very good to excellent*. This implies that the average employee also expects excellent pay increases, a policy most employers cannot afford if they are to remain competitive. Another study found that the average employee (one whose performance is better than half of the other employees and worse than the other half) rated her performance at the 80th percentile (better than 80 percent of the other employees, worse than 20 percent). J. Kane & E.E. Lawler, III. 1979. Performance appraisal effectiveness. In B. Staw (ed.), *Research in organizational behavior* (Vol. 1). Greenwood, CT: JAI Press. Again it would be impossible for most organizations to reward the average employee at the 80th percentile. In other words, most employees inaccurately overrate the inputs they provide to an organization. This leads to perceptions of inequity that are not justified.

The second human tendency that leads to unwarranted perceptions of inequity is our tendency to *overrate* the outcomes of others. E.E. Lawler, III. 1972. Secrecy and the need to know. In M. Dunnette, R. House, & H. Tosi (eds.), *Readings in managerial motivation and compensation*. East Lansing: Michigan State University Press. Many employers keep the pay levels of employees a “secret.” Still other employers actually forbid employees to talk about their pay. This means that many employees don’t know for certain how much

their colleagues are paid. And, because most of us overestimate the pay of others, we tend to think that they're paid more than they actually are, and the unjustified perceptions of inequity are perpetuated.

The bottom line for employers is that they need to be sensitive to employees' need for equity.

Employers need to do everything they can to prevent feelings of inequity because employees engage in effective behaviors when they perceive equity and ineffective behaviors when they perceive inequity.

## **Perceived Overreward Inequity**

When we perceive that overreward inequity exists (that is, we unfairly make more than others), it is rare that we are so dissatisfied, guilty, or sufficiently motivated that we make changes to produce a state of perceived equity (or we leave the situation).

Indeed, feelings of overreward, when they occur, are quite transient. Very few of us go to our employers and complain that we're overpaid! Most people are less sensitive to overreward inequities than they are to underreward inequities. [I.R. Andrews. 1967. Wage inequity and job performance: An experimental study. \*Journal of Applied Psychology\* 51:39–45; J.S. Adams. 1963a. Towards an understanding of inequity. \*Journal of Abnormal Social Psychology\* 67:422–436; J.S. Adams. 1963b. Wage inequities, productivity and work quality. \*Industrial Relations\*](#)

3:9–16. However infrequently they are used for overreward, the same types of actions are available for dealing with both types of inequity.

**Perceived Underreward Inequity**

When we perceive that underreward inequity exists (that is, others unfairly make more than we do), we will likely be dissatisfied, angered, and motivated to change the situation (or escape the situation) in order to produce a state of perceived equity. As we discuss shortly, people can take many actions to deal with underreward inequity.

**Reducing Underreward Inequity**

A simple situation helps explain the consequences of inequity. Two automobile workers in Detroit, John and Mary, fasten lug nuts to wheels on cars as they come down the assembly line, John on the left side and Mary on the right. Their inputs are equal (both fasten the same number of lug nuts at the same pace), but John makes \$500 per week and Mary makes \$600. Their equity ratios are thus:

\$500	\$600

John:	< Mary:
10 lug nuts/car	10 lug nuts/car

As you can see, their ratios are not equal; that is, Mary receives greater outcome for equal input. Who is experiencing inequity? According to equity theory, both John *and* Mary—underreward inequity for John, and overreward inequity for Mary. Mary’s inequity won’t last long (in real organizations), but in our hypothetical example, what might John do to resolve this?

Adams identified a number of things people do to reduce the tension produced by a perceived state of inequity. They change their own outcomes or inputs, *or* they change those of the referent other. They distort their own perceptions of the outcomes or inputs of either party by using a different referent other, or they leave the situation in which the inequity is occurring.

1. Alter inputs of the person. The perceived state of equity can be altered by changing our own inputs, that is, by decreasing the quantity or quality of our performance. John can effect his own mini slowdown and install only nine lug nuts on each car as it comes down the production line. This, of course, might cause him to lose his job, so he probably won’t choose this alternative.
2. Alter outcomes of the person. We could attempt

to increase outcomes to achieve a state of equity, like ask for a raise, a nicer office, a promotion, or other positively valued outcomes. So John will likely ask for a raise. Unfortunately, many people enhance their outcomes by stealing from their employers.

3. Alter inputs of the referent other. When underrewarded, we may try to achieve a state of perceived equity by encouraging the referent other to increase their inputs. We may demand, for example, that the referent other “start pulling their weight,” or perhaps help the referent other to become a better performer. It doesn’t matter that the referent other is already pulling their weight—remember, this is all about perception. In our example, John could ask Mary to put on two of his ten lug nuts as each car comes down the assembly line. This would not likely happen, however, so John would be motivated to try another alternative to reduce his inequity.
4. Alter outcomes of the referent other. We can “correct” a state of underreward by directly or indirectly reducing the value of the other’s outcomes. In our example, John could try to get Mary’s pay lowered to reduce his inequity. This too would probably not occur in the situation described.
5. Distort perceptions of inputs or outcomes. It is possible to reduce a perceived state of inequity without changing input or outcome. We simply



distort our own perceptions of our inputs or outcomes, *or* we distort our perception of those of the referent other. Thus, John may tell himself that “Mary does better work than I thought” or “she enjoys her work much less than I do” or “she gets paid less than I realized.”

6. Choose a different referent other. We can also deal with both over- and underreward inequities by changing the referent other (“my situation is really more like Ahmed’s”). This is the simplest and most powerful way to deal with perceived inequity: it requires neither actual nor perceptual changes in anybody’s input or outcome, and it causes us to look around and assess our situation more carefully. For example, John might choose as a referent other Bill, who installs dashboards but makes less money than John.
7. Leave the situation. A final technique for dealing with a perceived state of inequity involves removing ourselves from the situation. We can choose to accomplish this through absenteeism, transfer, or termination. This approach is usually not selected unless the perceived inequity is quite high or other attempts at achieving equity are not readily available. Most automobile workers are paid quite well for their work. John is unlikely to find an equivalent job, so it is also unlikely that he will choose this option.

## **Implications of Equity Theory**

Equity theory is widely used, and its implications are clear. In the vast majority of cases, employees experience (or perceive) underreward inequity rather than overreward. As discussed above, few of the behaviors that result from underreward inequity are good for employers. Thus, employers try to prevent unnecessary perceptions of inequity. They do this in a number of ways. They try to be as fair as possible in allocating pay. That is, they measure performance levels as accurately as possible, then give the highest performers the highest pay increases. Second, most employers are no longer secretive about their pay schedules. People are naturally curious about how much they are paid relative to others in the organization. This doesn't mean that employers don't practice discretion—they usually don't reveal specific employees' exact pay. But they do tell employees the minimum and maximum pay levels for their jobs and the pay scales for the jobs of others in the organization. Such practices give employees a factual basis for judging equity.

Supervisors play a key role in creating perceptions of equity. “Playing favorites” ensures perceptions of inequity. Employees want to be rewarded on their merits, not the whims of their supervisors. In addition, supervisors need to recognize differences in employees in their reactions to inequity. Some

employees are highly sensitive to inequity, and a supervisor needs to be especially cautious around them. R.C. Huseman., J.D. Hatfield, & E.W. Miles. 1987. A new perspective on equity theory: The equity sensitivity construct. *Academy of Management Review* 12:222–234; E.W. Miles, J.D. Hatfield, & R.C. Huseman. 1989. The equity sensitivity construct: Potential implications for worker performance. *Journal of Management* 15:581–588. Everyone is sensitive to reward allocation. R.J. Bies. 1987. The predicament of justice: The management of moral outrage. In B.M. Staw & L.L. Cummings (eds.), *Research in organizational behavior* (Vol. 9). Greenwich, CT: JAI Press, 289–319; J. Greenberg. 1987. A taxonomy of organizational justice theories. *Academy of Management Review* 12:9–22. But “equity sensitives” are even more sensitive. A major principle for supervisors, then, is simply to implement fairness. Never base punishment or reward on whether or not you like an employee. Reward behaviors that contribute to the organization, and discipline those that do not. Make sure employees understand what is expected of them, and praise them when they do it. These practices make everyone happier and your job easier.

## Goal Theory

No theory is perfect. If it was, it wouldn't be a

theory. It would be a set of facts. Theories are sets of propositions that are right more often than they are wrong, but they are not infallible. However, the basic propositions of goal theory\* come close to being infallible. Indeed, it is one of the strongest theories in organizational behavior.

## The Basic Goal-Setting Model

**Goal theory** states that people will perform better if they have difficult, specific, accepted performance goals or objectives. E.L. Locke. 1978. The ubiquity of the technique of goal setting in theories of and approaches to employee motivation. *Academy of Management Review* 3:594–601; F.W. Taylor. 1911. *The principles of scientific management*. New York: Norton; K. Lewin. 1935. *A dynamic theory of personality*. New York: McGraw-Hill; K. Lewin. 1938. *The conceptual representation and the measurement of psychological forces*. Durham, NC: Duke University Press; K. Lewin, T. Dembo, L. Festinger, & P.S. Sears. 1944. Level of aspiration. In J. McVicker Hunt (ed.), *Personality and behavior disorders*. New York: Ronald Press, 333–378; P. Drucker. 1954. *The practice of management*. New York: Wiley; D. McGregor. 1957. An uneasy look at performance appraisal. *Harvard Business Review* 35:89–94; E.A. Locke. 1968. Toward a theory of task motivation and incentives. *Organizational Behavior and Human Performance* 3:157–189; E.A. Locke, K.N. Shaw, L.M. Saari, & G.P. Latham. 1981. Goal setting and task

performance: 1969– 1980. *Psychological Bulletin* 90:125–152; G. P. Latham & E.A. Locke. 1984. *Goal setting: A motivational technique that works!* Englewood Cliffs, NJ: Prentice Hall., C.C. Pinder. 1984. *Work motivation: Theory, issues, and applications*. Glenview, IL: Scott, Foresman. The first and most basic premise of goal theory is that people will attempt to achieve those goals that they *intend* to achieve. Thus, if we intend to do something (like get an A on an exam), we will exert effort to accomplish it. Without such goals, our effort at the task (studying) required to achieve the goal is less. Students whose goals are to get As study harder than students who don't have this goal—we all know this. This doesn't mean that people without goals are unmotivated. It simply means that people with goals are more motivated. The intensity of their motivation is greater, and they are more directed.

The second basic premise is that *difficult* goals result in better performance than easy goals. This does not mean that difficult goals are always achieved, but our performance will usually be better when we intend to achieve harder goals. Your goal of an A in Classical Mechanics at Cal Tech may not get you your A, but it may earn you a B+, which you wouldn't have gotten otherwise. Difficult goals cause us to exert more effort, and this almost always results in better performance.

Another premise of goal theory is that *specific* goals are better than vague goals. We often wonder what we need to do to be successful. Have you ever asked a professor “What do I need to do to get an A in this course?” If she responded “Do well on the exams,” you weren’t much better off for having asked. This is a vague response. Goal theory says that we perform better when we have specific goals. Had your professor told you the key thrust of the course, to turn in *all* the problem sets, to pay close attention to the essay questions on exams, and to aim for scores in the 90s, you would have something concrete on which to build a strategy.

A key premise of goal theory is that people must *accept* the goal. Usually we set our own goals. But sometimes others set goals for us. Your professor telling you your goal is to “score at least a 90 percent on your exams” doesn’t mean that you’ll accept this goal. Maybe you don’t feel you can achieve scores in the 90s. Or, you’ve heard that 90 isn’t good enough for an A in this class. This happens in work organizations quite often. Supervisors give orders that something must be done by a certain time. The employees may fully understand what is wanted, yet if they feel the order is unreasonable or impossible, they may not exert much effort to accomplish it. Thus, it is important for people to accept the goal. They need to feel that it is also their goal. If they do not, goal theory predicts that they won’t try as hard to achieve it.

Goal theory also states that people need to *commit* to a goal in addition to accepting it. **Goal commitment** is the degree to which we dedicate ourselves to achieving a goal. Goal commitment is about setting priorities. We can accept many goals (go to all classes, stay awake during classes, take lecture notes), but we often end up doing only some of them. In other words, some goals are more important than others. And we exert more effort for certain goals. This also happens frequently at work. A software analyst's major goal may be to write a new program. Her minor goal may be to maintain previously written programs. It is minor because maintaining old programs is boring, while writing new ones is fun. Goal theory predicts that her commitment, and thus her intensity, to the major goal will be greater.

Allowing people to participate in the goal-setting process often results in higher goal commitment. This has to do with ownership. And when people participate in the process, they tend to incorporate factors they think will make the goal more interesting, challenging, and attainable. Thus, it is advisable to allow people some input into the goal-setting process. Imposing goals on them from the outside usually results in less commitment (and acceptance).

The basic goal-setting model is shown in [\[link\]](#). The process starts with our values. Values are our

beliefs about how the world should be or act, and often include words like “should” or “ought.” We compare our present conditions against these values. For example, Randi holds the value that everyone should be a hard worker. After measuring her current work against this value, Randi concludes that she doesn’t measure up to her own value. Following this, her goal-setting process begins. Randi will set a goal that affirms her status as a hard worker. [\[link\]](#) lists the four types of goals. Some goals are self-set. (Randi decides to word process at least 70 pages per day.) Participative goals are jointly set. (Randi goes to her supervisor, and together they set some appropriate goals for her.) In still other cases, goals are assigned. (Her boss tells her that she must word process at least 60 pages per day.) The fourth type of goal, which can be self-set, jointly determined, or assigned, is a “do your best” goal. But note this goal is vague, so it usually doesn’t result in the best performance.

**The Goal-Setting Process**

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Personal Values	Present Situation	Goal Setting	Goal Characteristics	Consequences
How the world should be	Am I consistent with my values?	1. Self-set 2. Participative 3. Assigned 4. Do your best	1. Difficulty 2. Specificity 3. Acceptance 4. Commitment	1. Performance 2. Satisfaction 3. Rewards

Depending on the characteristics of Randi’s goals,



she may or may not exert a lot of effort. For maximum effort to result, her goals should be difficult, specific, accepted, and committed to. Then, if she has sufficient ability and lack of constraints, maximum performance should occur. Examples of constraints could be that her old computer frequently breaks down or her supervisor constantly interferes.

The consequence of endeavoring to reach her goal will be that Randi will be satisfied with herself. Her behavior is consistent with her values. She'll be even more satisfied if her supervisor praises her performance and gives her a pay increase!

In Randi's case, her goal achievement resulted in several benefits. However, this doesn't always happen. If goals are not achieved, people may be unhappy with themselves, and their employer may be dissatisfied as well. Such an experience can make a person reluctant to accept goals in the future. Thus, setting difficult yet attainable goals cannot be stressed enough.

Goal theory can be a tremendous motivational tool. In fact, many organizations practice effective management by using a technique called "management by objectives" (MBO). MBO is based on goal theory and is quite effective when implemented consistently with goal theory's basic premises.

Despite its many strengths, several cautions about goal theory are appropriate. Locke has identified most of them. [Locke, 1979](#). First, setting goals in one area can lead people to neglect other areas. (Randi may word process 70 pages per day, but neglect her proofreading responsibilities.) It is important that goals be set for most major duties. Second, goal setting sometimes has unintended consequences. For example, employees set easy goals so that they look good when they achieve them. Or it causes unhealthy competition between employees. Or an employee sabotages the work of others so that only she has goal achievement.

Some managers use goal setting in unethical ways. They may manipulate employees by setting impossible goals. This enables them to criticize employees even when the employees are doing superior work and, of course, causes much stress. Goal setting should never be abused. Perhaps the key caution about goal setting is that it often results in too much focus on quantified measures of performance. Qualitative aspects of a job or task may be neglected because they aren't easily measured. Managers must keep employees focused on the qualitative aspects of their jobs as well as the quantitative ones. Finally, setting individual goals in a teamwork environment can be counterproductive. [T.R. Mitchell & W.S. Silver. 1990. Individual and group goals when workers are interdependent: Effects on task strategies and](#)

performance. *Journal of Applied Psychology* 75:185–193. Where possible, it is preferable to have group goals in situations where employees depend on one another in the performance of their jobs.

The cautions noted here are not intended to deter you from using goal theory. We note them so that you can avoid the pitfalls. Remember, employees have a right to reasonable performance expectations and the rewards that result from performance, and organizations have a right to expect high performance levels from employees. Goal theory should be used to optimize the employment relationship. Goal theory holds that people will exert effort to accomplish goals if those goals are difficult to achieve, accepted by the individual, and specific in nature.

Sometimes E2s are called *instrumentalities*, because they are the perception that performance is instrumental in getting some desired outcome. It can also be expressed as an equation:

Where  $V_o$  is the valence of a given outcome (o), and  $E_{2o}$  is the perceived probability that a certain level of performance (e.g., Excellent, average, poor) will result in that outcome. So, for multiple outcomes, and different performance levels, the valence of the outcome and its associated performance → outcome expectancy (E2) are multiplied and added to the analogous value for the other outcomes. Combined with the E1 (the amount of effort required to produce a level of performance), the effort level

with the greatest *force* associated with it will be chosen by the individual.

## Expectancy Theory

**Expectancy theory** posits that we will exert much effort to perform at high levels so that we can obtain valued outcomes. It is the motivation theory that many organizational behavior researchers find most intriguing, in no small part because it is currently also the most comprehensive theory. Expectancy theory ties together many of the concepts and hypotheses from the theories discussed earlier in this chapter. In addition, it points to factors that other theories miss. Expectancy theory has much to offer the student of management and organizational behavior.

Expectancy theory is sufficiently general that it is useful in a wide variety of situations. Choices between job offers, between working hard or not so hard, between going to work or not—virtually any set of possibilities can be addressed by expectancy theory. Basically, the theory focuses on two related issues:

1. When faced with two or more alternatives, which will we select?
2. Once an alternative is chosen, how motivated will we be to pursue that choice?

Expectancy theory thus focuses on the two major aspects of motivation, *direction* (which alternative?) and *intensity* (how much effort to implement the alternative?). The attractiveness of an alternative is determined by our “expectations” of what is likely to happen if we choose it. The more we believe that the alternative chosen will lead to positively valued outcomes, the greater its attractiveness to us.

Expectancy theory states that, when faced with two or more alternatives, we will select the most attractive one. And, the greater the attractiveness of the chosen alternative, the more motivated we will be to pursue it. Our natural hedonism, discussed earlier in this chapter, plays a role in this process. We are motivated to maximize desirable outcomes (a pay raise) and minimize undesirable ones (discipline). Expectancy theory goes on to state that we are also logical in our decisions about alternatives. It considers people to be *rational*. People evaluate alternatives in terms of their “pros and cons,” and then choose the one with the most “pros” and fewest “cons.”

## **The Basic Expectancy Model**

The three major components of expectancy theory reflect its assumptions of hedonism and rationality: effort-performance expectancy, performance-outcome expectancy, and valences.

The **effort-performance expectancy**, abbreviated E1, is the perceived probability that effort will lead to performance (or  $E \Rightarrow P$ ). Performance here means anything from doing well on an exam to assembling 100 toasters a day at work. Sometimes people believe that no matter how much effort they exert, they won't perform at a high level. They have weak E1s. Other people have strong E1s and believe the opposite—that is, that they can perform at a high level if they exert high effort. You all know students with different E1s—those who believe that if they study hard they'll do well, and those who believe that no matter how much they study they'll do poorly. People develop these perceptions from prior experiences with the task at hand, and from self-perceptions of their abilities. The core of the E1 concept is that people don't always perceive a direct relationship between effort level and performance level.

The **performance-outcome expectancy**, E2, is the perceived relationship between performance and outcomes (or  $P \Rightarrow O$ ).[\[footnote\]](#) Many things in life happen as a function of how well we perform various tasks. E2 addresses the question “What will happen if I perform well?” Let's say you get an A in your Classical Mechanics course at Cal Tech. You'll be elated, your classmates may envy you, and you are now assured of that plum job at NASA. But let's say you got a D. Whoops, that was the last straw for the dean. Now you've flunked out, and you're

reduced to going home to live with your parents (perish the thought!). Likewise, E2 perceptions develop in organizations, although hopefully not as drastically as your beleaguered career at Cal Tech. People with strong E2s believe that if they perform their jobs well, they'll receive desirable outcomes—good pay increases, praise from their supervisor, and a feeling that they're really contributing. In the same situation, people with weak E2s will have the opposite perceptions—that high performance levels don't result in desirable outcomes and that it doesn't really matter how well they perform their jobs as long as they don't get fired.

**Valences** are the easiest of the expectancy theory concepts to describe. Valences are simply the degree to which we perceive an outcome as desirable, neutral, or undesirable. Highly desirable outcomes (a 25 percent pay increase) are positively valent. Undesirable outcomes (being disciplined) are negatively valent. Outcomes that we're indifferent to (where you must park your car) have neutral valences. Positively and negatively valent outcomes abound in the workplace—pay increases and freezes, praise and criticism, recognition and rejection, promotions and demotions. And as you would expect, people differ dramatically in how they value these outcomes. Our needs, values, goals, and life situations affect what valence we give an outcome. Equity is another consideration we use in assigning valences. We may consider a 10 percent

pay increase desirable until we find out that it was the lowest raise given in our work group.

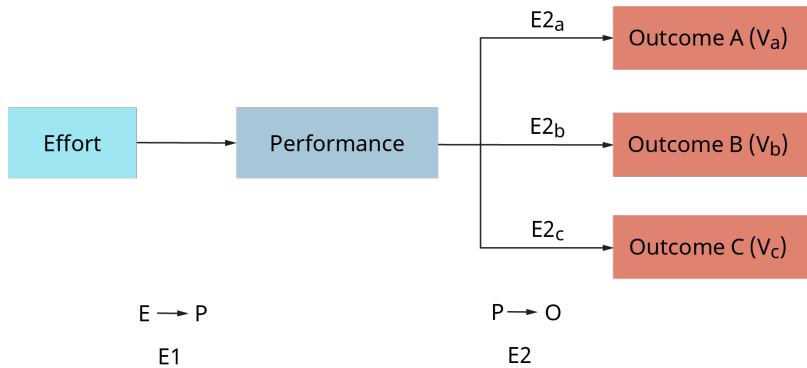
[\[link\]](#) summarizes the three core concepts of expectancy theory. The theory states that our perceptions about our surroundings are essentially predictions about “what leads to what.” We perceive that certain effort levels result in certain performance levels. We perceive that certain performance levels result in certain outcomes. Outcomes can be **extrinsic**, in that others (our supervisor) determine whether we receive them, or **intrinsic**, in that we determine if they are received (our sense of achievement). Each outcome has an associated valence (outcome A’s valence is  $V_a$ ). Expectancy theory predicts that we will exert effort that results in the maximum amount of positive-valence outcomes. [\[footnote\]](#) If our  $E_1$  or  $E_2$  is weak, or if the outcomes are not sufficiently desirable, our motivation to exert effort will be low. Stated differently, an individual will be motivated to try to achieve the level of performance that results in the most rewards.

$\text{Force to Choose} = E_1 \times \Sigma (E_2 \times V_o)$  A level of Effort

The Expectancy Theory of Motivation

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1. Effort  $\longrightarrow$  Performance expectancy ( $E \rightarrow P$ ;  $E1$ )
2. Performance  $\longrightarrow$  Outcome expectancy ( $P \rightarrow O$ ;  $E2$ )
3. Valences ( $V$ ) of Outcomes ( $V_o$ )

$V_o$  is the valence of the outcome. The effort level with the greatest force associated with it will be chosen by the individual.

## Implications of Expectancy Theory

Expectancy theory has major implications for the workplace. Basically, expectancy theory predicts that employees will be motivated to perform well on their jobs under two conditions. The first is when employees believe that a reasonable amount of effort will result in good performance. The second is when good performance is associated with positive outcomes and low performance is associated with negative outcomes. If neither of these conditions exists in the perceptions of employees, their motivation to perform will be low.

Why might an employee perceive that positive

outcomes are not associated with high performance? Or that negative outcomes are not associated with low performance? That is, why would employees develop weak E2s? This happens for a number of reasons. The main one is that many organizations subscribe too strongly to a principle of equality (not to be confused with equity). They give all of their employees equal salaries for equal work, equal pay increases every year (these are known as across-the-board pay raises), and equal treatment wherever possible. Equality-focused organizations reason that some employees “getting more” than others leads to disruptive competition and feelings of inequity.

In time employees in equality-focused organizations develop weak E2s because no distinctions are made for differential outcomes. If the best and the worst salespeople are paid the same, in time they will both decide that it isn’t worth the extra effort to be a high performer. Needless to say, this is not the goal of competitive organizations and can cause the demise of the organization as it competes with other firms in today’s global marketplace.

Expectancy theory states that to maximize motivation, organizations must make outcomes contingent on performance. This is the main contribution of expectancy theory: it makes us think about *how* organizations should distribute outcomes. If an organization, or a supervisor, believes that treating everyone “the same” will result in satisfied

and motivated employees, they will be wrong more times than not. From equity theory we know that some employees, usually the better-performing ones, will experience underreward inequity. From expectancy theory we know that employees will see no difference in outcomes for good and poor performance, so they will not have as much incentive to be good performers. Effective organizations need to actively encourage the perception that good performance leads to positive outcomes (bonuses, promotions) and that poor performance leads to negative ones (discipline, termination). Remember, there is a big difference between treating employees equally and treating them equitably.

What if an organization ties positive outcomes to high performance and negative outcomes to low performance? Employees will develop strong E2s. But will this result in highly motivated employees? The answer is maybe. We have yet to address employees' E1s. If employees have weak E1s, they will perceive that high (or low) effort does *not* result in high performance and thus will not exert much effort. It is important for managers to understand that this can happen despite rewards for high performance.

Task-related abilities are probably the single biggest reason why some employees have weak E1s. **Self-efficacy** is our belief about whether we can

successfully execute some future action or task, or achieve some result. High self-efficacy employees believe that they are likely to succeed at most or all of their job duties and responsibilities. And as you would expect, low self-efficacy employees believe the opposite. Specific self-efficacy reflects our belief in our capability to perform a specific task at a specific level of performance. If we believe that the probability of our selling \$30,000 of jackrabbit slippers in one month is .90, our self-efficacy for this task is high. Specific self-efficacy is our judgment about the likelihood of successful task performance measured immediately before we expend effort on the task. As a result, specific self-efficacy is much more variable than more enduring notions of personality. Still, there is little doubt that our state-based beliefs are some of the most powerful motivators of behavior. Our efficacy expectations at a given point in time determine not only our initial decision to perform (or not) a task, but also the amount of effort we will expend and whether we will persist in the face of adversity.

[A. Bandura. 1977. Self-efficacy: Toward a unifying theory of behavioral change. \*Psychological Review\* 84:191–215;](#)  
[A. Bandura. 1986b. The explanatory and predictive scope of self- efficacy theory. \*Journal of Social and Clinical Psychology\* 4:359– 373;](#)  
[A. Bandura. 1997. \*Self-efficacy: The exercise of control\*. New York: Freeman.](#)

Self-efficacy has a strong impact on the E1 factor. As a result, self-efficacy is one of the strongest determinants of performance in any

particular task situation. D.G. Gardner & J.L. Pierce. 1998. Self-esteem and self-efficacy within the organizational context: An empirical comparison. *Group and Organization Management* 23:48–70.

Employees develop weak E1s for two reasons. First, they don't have sufficient resources to perform their jobs. Resources can be internal or external. Internal resources include what employees bring to the job (such as prior training, work experience, education, ability, and aptitude) and their understanding of what they need to do to be considered good performers. The second resource is called role perceptions—how employees believe their jobs are done and how they fit into the broader organization. If employees don't know *how* to become good performers, they will have weak E1s. External resources include the tools, equipment, and labor necessary to perform a job. The lack of good external resources can also cause E1s to be weak.

The second reason for weak E1s is an organization's failure to measure performance accurately. That is, performance *ratings* don't correlate well with actual performance *levels*. How does this happen? Have you ever gotten a grade that you felt didn't reflect how much you learned? This also happens in organizations. Why are ratings sometimes inaccurate? Supervisors, who typically give out ratings, well, they're human. Perhaps they're operating under the mistaken notion that similar

ratings for everyone will keep the team happy. Perhaps they're unconsciously playing favorites. Perhaps they don't know what good and poor performance levels are. Perhaps the measurements they're expected to use don't fit their product/team/people. Choose one or all of these. Rating people is rarely easy.

Whatever the cause of rating errors, some employees may come to believe that no matter what they do they will never receive a high performance rating. They may in fact believe that they are excellent performers but that the performance rating system is flawed. Expectancy theory differs from most motivation theories because it highlights the need for accurate performance measurement. Organizations cannot motivate employees to perform at a high level if they cannot identify high performers.

Organizations exert tremendous influence over employee choices in their performance levels and how much effort to exert on their jobs. That is, organizations can have a major impact on the direction and intensity of employees' motivation levels. Practical applications of expectancy theory include:

1. Strengthening the effort ➡ performance expectancy by selecting employees who have the necessary abilities, providing proper

training, providing experiences of success, clarifying job responsibilities, etc.

2. Strengthening the performance ➡ outcome expectancy with policies that specify that desirable behavior leads to desirable outcomes and undesirable behavior leads to neutral or undesirable outcomes. Consistent enforcement of these policies is key—workers must believe in the contingencies.
3. Systematically evaluating which outcomes employees value. The greater the valence of outcomes offered for a behavior, the more likely employees will commit to that alternative. By recognizing that different employees have different values and that values change over time, organizations can provide the most highly valued outcomes.
4. Ensuring that effort actually translates into performance by clarifying what actions lead to performance and by appropriate training.
5. Ensuring appropriate worker outcomes for performance through reward schedules (extrinsic outcomes) and appropriate job design (so the work experience itself provides intrinsic outcomes).
6. Examining the level of outcomes provided to workers. Are they equitable, given the worker's inputs? Are they equitable in comparison to the way other workers are treated?
7. Measuring performance levels as accurately as possible, making sure that workers are capable

of being high performers.

### Differences in Motivation across Cultures

The disgruntled employee is hardly a culturally isolated feature of business, and quitting before leaving takes the same forms, regardless of country. Cross-cultural signaling, social norms, and simple language barriers can make the task of motivation for the global manager confusing and counterintuitive. Communicating a passion for a common vision, coaching employees to see themselves as accountable and as owning their work, or attempting to create a “motivational ecosystem” can all fall flat with simple missed cues, bad translations, or tone-deaf approaches to a thousand-year-old culture.

Keeping employees motivated by making them feel valued and appreciated is not just a “Western” idea. The Ghanaian blog site Starrfmonline emphasizes that employee motivation and associated work quality improve when employees feel “valued, trusted, challenged, and supported in their work.” Conversely, when employees feel like a tool rather than a person, or feel unengaged with their work, then productivity suffers. A vicious cycle can then begin when the manager treats an employee as unmotivated and incapable, which then demotivates the employee and elicits the predicted response. The blogger cites an example



from Eastern Europe where a manager sidelined an employee as inefficient and incompetent. After management coaching, the manager revisited his assessment and began working with the employee. As he worked to facilitate the employee's efficiency and motivation, the employee went from being the lowest performer to a valuable team player. In the end, the blog says, "The very phrase 'human resources' frames employees as material to be deployed for organizational objectives. While the essential nature of employment contracts involves trading labour for remuneration, if we fail to see and appreciate our employees as whole people, efforts to motivate them will meet with limited success" (Starrfmonline 2017 n.p.)

Pavel Vosk, a business and management consultant based in Puyallup, Washington, says that too often, overachieving employees turn into unmotivated ones. In looking for the answer, he found that the most common source was a lack of recognition for the employee's effort or exceptional performance. In fact, Vosk found that most employees go the extra mile only three times before they give up. Vosk's advice is to show gratitude for employees' effort, especially when it goes above and beyond. He says the recognition doesn't have to be over the top, just anything that the employees will perceive as gratitude, from a catered lunch for a team working extra hours to fulfill a deadline to a simple face-to-face thank you (Huhman 2017).

Richard Frazao, president of Quaketek, based in

Montreal, Quebec, stresses talking to the employees and making certain they are engaged in their jobs, citing boredom with one's job as a major demotivating factor (Huhman 2017).

But motivating employees is not "one size fits all" globally. Rewarding and recognizing individuals and their achievements works fine in Western cultures but is undesirable in Asian cultures, which value teamwork and the collective over the individual. Whether to reward effort with a pay raise or with a job title or larger office is influenced by culture. Demoting an employee for poor performance is an effective motivator in Asian countries but is likely to result in losing an employee altogether in Western cultures.

According to Matthew MacLachlan at Communicaid, "Making the assumption that your international workforce will be motivated by the same incentives can be dangerous and have a real impact on talent retention" (2016 n.p.).

Huhman, Heather R. 2017. "Employee Motivation Has to Be More Than 'a Pat on the Back.'"

*Entrepreneur*. <https://www.entrepreneur.com/article/287770>

MacLachlan, Matthew. 2016. "Management Tips: How To Motivate Your International Workforce."

*Communicaid*. <https://www.communicaid.com/cross-cultural-training/blog/motivating-international-workforce/>

Starrfmonline. 2017. "HR Today: Motivating People Starts With Right Attitude."

<http://starrfmonline.com/2017/03/30/hr-today-motivating-people-starts-with-right-attitude/#>

1. As a Western manager working in the Middle East or sub-Saharan Africa, what motivational issues might you face?
2. What problems would you expect a manager from a Confucian culture to encounter managing employees in America? In Europe?
3. What regional, cultural, or ethnic issues do you think managers have to navigate within the United States?

## **Expectancy Theory: An Integrative Theory of Motivation**

More so than any other motivation theory, expectancy theory can be tied into most concepts of what and how people become motivated. Consider the following examples.

1. *Need theories* state that we are motivated to satisfy our needs. We positively value outcomes that satisfy unmet needs, negatively value outcomes that thwart the satisfaction of unmet needs, and assign neutral values to outcomes that do neither. In effect, the need theories explain how valences are formed.
2. *Operant conditioning theories* state that we will

probably repeat a response (behavior) in the future that was reinforced in the past (that is, followed by a positively valued consequence or the removal of a negatively valued consequence). This is the basic process involved in forming performance ➡ outcome expectancies. Both operant theories and expectancy theory argue that our interactions with our environment influence our future behavior. The primary difference is that expectancy theory explains this process in cognitive (rational) terms.

3. *Equity theories* state that our satisfaction with a set of outcomes depends not only on how we value them but also on the circumstances surrounding their receipt. Equity theory, therefore, explains part of the process shown in [\[link\]](#). If we don't feel that the outcomes we receive are equitable compared to a referent other, we will associate a lower or even negative valence with those outcomes.
4. *Goal theory* can be integrated with the expanded expectancy model in several ways. Locke has noted that expectancy theory explains how we go about choosing a particular goal. [Locke, 1978](#). A reexamination of [\[link\]](#) reveals other similarities between goal theory and expectancy theory. Locke's use of the term "goal acceptance" to identify the personal adoption of a goal is similar to the "choice of an alternative" in the expectancy model.

Locke's "goal commitment," the degree to which we commit to reaching our accepted (chosen) goal, is very much like the expectancy description of choice of effort level. Locke argues that the difficulty and specificity of a goal are major determinants of the level of performance attempted (goal-directed effort), and expectancy theory appears to be consistent with this argument (even though expectancy theory is not as explicit on this point). We can reasonably conclude that the major underlying processes explored by the two models are very similar and will seldom lead to inconsistent recommendations.

1. Understand the process theories of motivation: operant conditioning, equity, goal, and expectancy theories.
2. Describe the managerial factors managers must consider when applying motivational approaches.

1. Describe the process theories of motivation, and compare and contrast the main process theories of motivation: operant conditioning

theory, equity theory, goal theory, and expectancy theory.

Process theories focus on how people become motivated. Operant conditioning theory states that people will be motivated to engage in behaviors for which they have been reinforced (rewarded). It also states that people will avoid behaviors that are punished. The rate at which behaviors are rewarded also affects how often they will be displayed. Equity theory's main premise is that people compare their situations to those of other people. If a person feels that they are being treated unfairly relative to a referent other, the person may engage in behaviors that are counterproductive for the organization. Employers should try to develop feelings of fairness in employees. Goal theory is a strong theory. It states that difficult, specific goals will result in high performance if employees accept the goals and are committed to achieving them.

## Glossary

avoidance learning

Occurs when people learn to behave in a certain way to avoid encountering an undesired or unpleasant consequence.

effort-performance expectancy

E1, the perceived probability that effort will lead to performance (or  $E \Rightarrow P$ ).

### equity theory

States that human motivation is affected by the outcomes people receive for their inputs, compared to the outcomes and inputs of other people.

### expectancy theory

Posits that people will exert high effort levels to perform at high levels so that they can obtain valued outcomes.

### extinction

Occurs when a consequence or lack of a consequence makes it less likely that a behavior will be repeated in the future.

### extrinsic outcomes

Are awarded or given by other people (like a supervisor).

### goal commitment

The degree to which people dedicate themselves to achieving a goal.

### goal theory

States that people will perform better if they have difficult, specific, accepted performance goals or objectives.

### input

Any personal qualities that a person views as having value and that are relevant to the

organization.

intrinsic outcomes

Are awarded or given by people to themselves (such as a sense of achievement).

negative reinforcement

Occurs when a behavior causes something undesirable to be removed, increasing the likelihood of the behavior reoccurring.

nonreinforcement

Occurs when no consequence follows a worker's behavior.

operant conditioning

A learning process based on the results produced by a person "operating on" the environment.

operant conditioning theory

Posits that people learn to behave in a particular fashion as a result of the consequences that followed their past behaviors.

outcome

Anything a person perceives as getting back from an organization in exchange for the person's inputs.

overreward inequity



Occurs when people perceive their outcome/input ratio to be greater than that of their referent other.

performance-outcome expectancy

E2, the perceived relationship between performance and outcomes (or  $P \Rightarrow O$ ).

positive reinforcement

Occurs when a desirable consequence that satisfies an active need or removes a barrier to need satisfaction increases the likelihood of a behavior reoccurring.

punishment

An aversive consequence that follows a behavior and makes it less likely to reoccur.

referent others

Workers that a person uses to compare inputs and outcomes, and who perform jobs similar in difficulty and complexity to the employee making an equity determination.

reinforcement

Occurs when a consequence makes it more likely a behavior will be repeated in the future.

schedules of reinforcement

The frequency at which effective employee behaviors are reinforced.

self-efficacy

A belief about the probability that one can successfully execute some future action or task, or achieve some result.

state of equity

Occurs when people perceive their outcome/input ratio to be equal to that of their referent other.

underreward inequity

Occurs when people perceive their outcome/input ratio to be less than that of their referent other.

valences

The degree to which a person perceives an outcome as being desirable, neutral, or undesirable.

## Recent Research on Motivation Theories

1. Describe the modern advancements in the study of human motivation.

Employee motivation continues to be a major focus in organizational behavior. [M.L. Ambrose & C.T. Kulik. 1999. Old friends, new faces: Motivation research in the 1990s. \*Journal of Management\* 25: 231–292.](#) We briefly summarize current motivation research here.

## Content Theories

There is some interest in testing content theories (including Herzberg's two-factor theory), especially in international research. Need theories are still generally supported, with most people identifying such workplace factors as recognition, advancement, and opportunities to learn as the chief motivators for them. This is consistent with need satisfaction theories. However, most of this research does not include actual measures of employee performance. Thus, questions remain about whether the factors that employees *say* motivate them to perform actually do.

# Operant Conditioning Theory

There is considerable interest in operant conditioning theory, especially within the context of what has been called organizational behavior modification. Oddly enough, there has not been much research using operant conditioning theory in designing reward systems, even though there are obvious applications. Instead, much of the recent research on operant conditioning focuses on punishment and extinction. These studies seek to determine how to use punishment appropriately. Recent results still confirm that punishment should be used sparingly, should be used only after extinction does not work, and should not be excessive or destructive.

## Equity Theory

Equity theory continues to receive strong research support. The major criticism of equity theory, that the inputs and outcomes people use to evaluate equity are ill-defined, still holds. Because each person defines inputs and outcomes, researchers are not in a position to know them all. Nevertheless, for the major inputs (performance) and outcomes (pay), the theory is a strong one. Major applications of equity theory in recent years incorporate and extend the theory into the area called *organizational justice*. When employees receive rewards (or punishments),

they evaluate them in terms of their fairness (as discussed earlier). This is *distributive justice*.

Employees also assess rewards in terms of how fair the processes used to distribute them are. This is *procedural justice*. Thus during organizational downsizing, when employees lose their jobs, people ask whether the loss of work is fair (distributive justice). But they also assess the fairness of the process used to decide *who* is laid off (procedural justice). For example, layoffs based on seniority may be perceived as more fair than layoffs based on supervisors' opinions.

## Goal Theory

It remains true that difficult, specific goals result in better performance than easy and vague goals, assuming they are accepted. Recent research highlights the positive effects of performance feedback and goal commitment in the goal-setting process. Monetary incentives enhance motivation when they are tied to goal achievement, by increasing the level of goal commitment. There are negative sides to goal theory as well. If goals conflict, employees may sacrifice performance on important job duties. For example, if both quantitative and qualitative goals are set for performance, employees may emphasize quantity because this goal achievement is more visible.

# Expectancy Theory

The original formulation of expectancy theory specifies that the motivational force for choosing a level of effort is a function of the multiplication of expectancies and valences. Recent research demonstrates that the individual components predict performance just as well, without being multiplied. This does not diminish the value of expectancy theory. Recent research also suggests that high performance results not only when the valence is high, but also when employees set difficult goals for themselves.

One last comment on motivation: As the world of work changes, so will the methods organizations use to motivate employees. New rewards—time off instead of bonuses; stock options; on-site gyms, cleaners, and dental services; opportunities to telecommute; and others—will need to be created in order to motivate employees in the future. One useful path that modern researchers can undertake is to analyze the previous studies and aggregate the findings into more conclusive understanding of the topic through meta-analysis studies. [Chad H. Iddekinge, Herman Aguinis, Jeremy D. Mackey, Philip S. DeOrtentiis, “A Meta-Analysis of the Interactive, additive, and Relative Effects of Cognitive Ability and Motivation on Performance,” \*Journal of Management\*, Vol. 44, No. 1, January, 2018.](#)

## Entrepreneurs and Motivation

Motivation can be difficult to elicit in employees.

So what drives entrepreneurs, who by definition have to motivate themselves as well as others?

While everyone from Greek philosophers to football coaches warn about undirected passion, a lack of passion will likely kill any start-up. An argument could be made that motivation is simply *part* of the discipline, or the *outcome* of remaining fixed on a purpose to mentally remind yourself of why you get up in the morning.

Working from her home in Egypt, at age 30

Yasmine El-Mehairy launched Supermama.me, a start-up aimed at providing information to mothers throughout the Arab world. When the company began, El-Mehairy worked full time at her day job and 60 hours a week after that getting the site established. She left her full-time job to manage the site full time in January 2011, and the site went live that October. El-Mehairy is motivated to keep moving forward, saying that if she stops, she might not get going again (Knowledge @ Wharton 2012).

For El-Mehairy, the motivation didn't come from a desire to work for a big company or travel the world and secure a master's degree from abroad. She had already done that. Rather, she said she was motivated to "do something that is useful and I want to do something on my own" (Knowledge @ Wharton 2012 n.p.).

Lauren Lipcon, who founded a company called Injury Funds Now, attributes her ability to stay

motivated to three factors: purpose, giving back, and having fun outside of work. Lipcon believes that most entrepreneurs are not motivated by money, but by a sense of purpose. Personally, she left a job with Arthur Andersen to begin her own firm out of a desire to help people. She also thinks it is important for people to give back to their communities because the change the entrepreneur sees in the community loops back, increasing motivation and making the business more successful. Lipcon believes that having a life outside of work helps keep the entrepreneur motivated. She particularly advocates for physical activity, which not only helps the body physically, but also helps keep the mind sharp and able to focus (Rashid 2017).

But do all entrepreneurs agree on what motivates them? A July 17, 2017 survey on the hearpreneur blog site asked 23 different entrepreneurs what motivated them. Seven of the 23 referred to some sense of purpose in what they were doing as a motivating factor, with one response stressing the importance of discovering one's "personal why." Of the remaining entrepreneurs, answers varied from keeping a positive attitude (three responses) and finding external sources (three responses) to meditation and prayer (two responses). One entrepreneur said his greatest motivator was fear: the fear of being in the same place financially one year in the future "causes me to take action and also alleviates my fear of risk" (Hear from



Entrepreneurs 2017 n.p.). Only one of the 23 actually cited money and material success as a motivating factor to keep working.

However it is described, entrepreneurs seem to agree that passion and determination are key factors that carry them through the grind of the day-to-day.

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**Questions:**

1. In the article from Hear from Entrepreneurs, one respondent called motivation “garbage”? Would you agree or disagree, and why?

2. How is staying motivated as an entrepreneur similar to being motivated to pursue a college degree? Do you think the two are related? How?
3. How would you expect motivation to vary across cultures? [/BOX]

1. Understand the modern approaches to motivation theory.

1. Describe the modern advancements in the study of human motivation.

Expectancy theory is a process theory. It also is the broadest of the motivation theories. Expectancy theory predicts that employees will be motivated to be high performers if they perceive that high performance leads to valued outcomes. Employees will be motivated to avoid being low performers if they perceive that it leads to negative outcomes. Employees must perceive that they are capable of achieving high performance, and they must have the appropriate abilities and high self-efficacy. Organizations need to provide adequate resources and to measure performance accurately. Inaccurate

performance ratings discourage high performance. Overall, expectancy theory draws attention to how organizations structure the work environment and distribute rewards.

## **Chapter Review Questions**

1. Discuss the benefits that accrue when an organization has a good understanding of employee needs.
2. How might Maslow explain why organizational rewards that motivate workers today may not motivate the same workers in 5 or 10 years?
3. Describe the process by which needs motivate workers.
4. Discuss the importance of Herzberg's motivators and hygienes.
5. Describe a work situation in which it would be appropriate to use a continuous reinforcement schedule.
6. Discuss the potential effectiveness and limitations of punishment in organizations.
7. How can equity theory explain why a person who receives a high salary might be dissatisfied with their pay?
8. Equity theory specifies a number of possible alternatives for reducing perceived inequity. How could an organization influence which of these alternatives a person will pursue?
9. What goals would be most likely to improve

- your learning and performance in an organizational behavior class?
10. Identify two reasons why a formal goal-setting program might be dysfunctional for an organization.
  11. What steps can an organization take to increase the motivational force for high levels of performance?
  12. Discuss how supervisors sometimes unintentionally weaken employees  $E \Rightarrow P$  and  $P \Rightarrow O$  expectancies.
  13. How can an employee attach high valence to high levels of performance, yet not be motivated to be a high performer?
  14. Is there “one best” motivation theory? Explain your answer.

## **Management Skills Application Exercises**

1. Many companies strive to design jobs that are intrinsically motivating. Visit several small and large company websites and search their career section. What job features related to motivation are highlighted? What type of employees do you think the companies will attract with these jobs?
2. You will be paired with another student in this class. Each of you will take one side of the issue and debate:

1. Student A: All members of the organization should be given the same specific, difficult-to-achieve goals.
  2. Student B: Specific, difficult-to-achieve goals should only be given to certain members of the organization.
3. Assume the role of sales manager, and write a memo to two of your reports that have the following situations and job performance.
1. Employee 1: Shawn is a onetime stellar performer. They were twice the top performing salesperson in the company in the past decade. In the past year, Shawn has missed goal by 4 percent. Shawn recently became the parent to twins and says that the reason for missing goal this year was due to the territory being saturated with product from previous years.
  2. Employee 2: Soo Kim is an energetic salesperson who is putting in long hours and producing detailed sales reports, but their performance on the sales side has not met expectations. When you examine the customer feedback page on your website, you notice that they have five times as many positive reviews and glowing comments about Soo Kim.

## Managerial Decision Exercises

1. You are a manager and it's performance appraisal time, which is a yearly exercise to provide feedback to your direct reports that is often stressful for both the employee and the manager. You feel that the feedback process should be more of an ongoing process than the yearly formal process. What are the benefits of this yearly process, and what, if any, are the drawbacks of providing both positive and remediation feedback to your direct reports?
2. You have been told by a worker on another team that one of your direct reports made an inappropriate comment to a coworker. What do you do to investigate the matter, and what actions would you take with your report, the person that the comment was directed to, and other people in the organization?
3. You learn that an employee who doesn't report to you has made an inappropriate comment to one of your direct reports. What do you do to investigate the matter, and what actions would you take with your report, the person that made the comment, their manager, and other people in the organization?
4. Your company is considering implementing a 360° appraisal system where up to 10 people in the organization provide feedback on every

employee as part of the annual performance appraisal process. This feedback will come from subordinates, peers, and senior managers as well as individuals in other departments. You have been asked to prepare a memo to the director of human resources about the positive and negative effects this could have on the motivation of employees. Note that not all of the employees are on a bonus plan that will be impacted by this feedback.

## **Critical Thinking Case**

### **Motivating Employees at JCPenney, Walmart, and Amazon in the Age of Online Shopping**

In the 1980s, Walmart had killed (or was killing) the mom-and-pop store. “Buy local” signs were seen, urging consumers to buy from their local retailers rather than from the low-cost behemoth. Markets have continued to shift and the “buy local” signs are still around, but now the battleground has shifted with the disruptive growth of e-commerce. Even mighty Walmart is feeling some growing pains.

Census Bureau data for 2017 shows that e-commerce, or online shopping, accounted for 8.9 percent of all retail sales in the United States,

accounting for \$111.5 billion (U.S. Census Bureau 2017). Feeling the pinch, many malls across the country are closing their doors, and their empty retail spaces are being repurposed. Credit Suisse predicts that due to competition from online shopping, 20 to 25 percent of American malls will close within the next five years (Dying Malls Make Room for New Condos Apartment 2017). Furthermore, according to a 2017 study, 23 percent of Americans already purchase their groceries online (Embrace the Internet, Skip the Checkout 2017).

Whether face-to-face with customers or filling orders in a warehouse, motivated employees are essential to business success. And company culture helps drive that motivation. As a 2015 *Harvard Business Review* article put it, “Why we work determines how well we work” (McGregor & Doshi 2015). Adapting earlier research for the modern workplace, the study found six reasons that people work: play, purpose, potential, emotional pressure, economic pressure, and inertia. The first three are positive motives while that later three are negative. The researchers found that role design, more than any other factor, had the highest impact on employee motivation.

Anecdotally, using role design to motivate employees can be seen across industries. Toyota allows factory workers to innovate new processes on the factory floor. Southwest Airlines encourages a



sense of "play" among crewmembers who interact directly with passengers (which has resulted in some humorous viral videos). A sense of the organization's identity (and a desire to be part of it) and how the career ladder within the company is perceived are second and third in their impact on employee motivation. Unhealthy competition for advancement can do more harm than good to employee motivation, and as a result many large companies are restructuring their performance review and advancement systems (McGregor & Doshi 2015). Conversely, costs from unmotivated employees can be high. In August 2017, retailer JCPenney had an employee arrested who had allegedly cost the company more than \$10,000 in stolen cash and under-rung merchandise at a mall store. Another employee had stolen more than \$1,000 of clothes from the store less than a month earlier.

Brick-and-mortar retail outlets from Macy's to Walmart have come under pressure by increased online shopping, particularly at Amazon.com. Walmart has responded by both trying to improve the shopping experience in its stores and creating an online presence of its own. A recent study funded by Walmart found that 60 percent of retail workers lack proficiency in reading and 70 percent have difficulty with math (Class is in session at Walmart Academy 2017). Increasing math and team skills for the employees would increase efficiency and

certainly help improve employee self-image and motivation. With this in mind, Walmart has created one of the largest employer training programs in the country, Walmart Academy (McGregor & Doshi 2015). The company expects to graduate more than 225,000 of its supervisors and managers from a program that covers topics such as merchandising and employee motivation. In another program, Pathways, Walmart has created a course that covers topics such as merchandising, communication, and retail math (Walmart 2016 Global Responsibility Report 2016). The Pathways program was expected to see 500,000 entry-level workers take part in 2016 (Walmart 2016). All employees who complete the course receive a dollar an hour pay increase. Educating employees pays off by recognizing that the effort put in pays off with better-motivated and better-educated employees. In the case of Walmart, “upskilling” has become a priority.

Walmart has gone beyond education to motivate or empower employees. In 2016, pay raises for 1.2 million employees took effect as part of a new minimum-wage policy, and it streamlined its paid time off program that same year (Schmid 2017). In its 2016 Global Responsibility Report, Walmart points out that over the course of two years, the company has invested \$2.7 billion in wages, benefits, and training in the United States (Staley 2017).

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## Critical Thinking Questions:

1. A 2015 *New York Times* article described Amazon as “a soulless, dystopian workplace where no fun is had and no laughter heard” (Cook 2015 n.p.). Employees themselves came to the company’s defense (Ciubotariu 2015). Does this reputation continue to haunt Amazon, or has it been addressed?
2. How do employees differ between a Walmart retail location and an Amazon order fulfillment center? How many white-collar or skilled jobs does Amazon have compared to Walmart?
3. With Amazon moving into the retail market with the purchase of Whole Foods, and with Walmart expanding its e-commerce, how are employee motivation challenges going to shift?

## Introduction

class = "introduction" (Credit: MabelAmber/  
Pixabay/ (CC BY 0))



## Learning Outcomes

**After reading this chapter, you should be able to answer these questions:**

1. What is the benefit of working in teams, and what makes teams effective?
2. How do teams develop over time?
3. What are some key considerations in managing teams?
4. What are the benefits of conflict for a team?
5. How does team diversity enhance decision-making and problem-solving?
6. What are some challenges and best practices for managing and working with multicultural teams?

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Eva Hartmann has nearly 20 years of experience as a strategic, results-driven, innovative leader with significant expertise in human resources strategy, talent and leadership development, and organizational effectiveness. She has worked in a variety of industries, from manufacturing to Fortune 500 consulting. Eva is a transformational change agent who has developed and led strategic human capital programs and talent initiatives in multiple challenging environments globally. Eva is passionate about enhancing both individual and organizational performance.

Eva began her career in one of the large “Big 6” management consulting firms at the time, and she happily returned several years ago to consulting. She is the founder and president of Trellis LLC, a human capital consulting and staffing firm in Richmond, Virginia.

Prior to Trellis, Eva was the global human resources leader for a large global manufacturer of plastic film products and was responsible for the HR strategy and operations of a \$600 million global division. In this role, Eva led a global team of HR managers in North and South America, Europe, and Asia to support global HR initiatives to drive business results and build human capital and performance across the division.

Eva has also held a variety of leadership and managerial roles in both human resources and quality functions at several nationally and globally

recognized companies, including Wachovia Securities, Genworth Financial, Sun Microsystems, and Andersen Consulting (now Accenture). Eva holds an MBA from the College of William and Mary in Williamsburg, Virginia, and a BA in anthropology from the University of Virginia in Charlottesville, Virginia. She is also an adjunct faculty member with the University of Richmond Robins School of Business. Eva currently serves on the board of the Society of Human Resource Management (SHRM) of Richmond, Virginia.

Much of the work that is performed today in organizations requires a focus on teamwork. The ability to work successfully as a team member, as well as the ability to lead teams, is an ultimate advantage within the workforce. Teams themselves must be managed, in addition to managing just the individuals, to be successful. We've all heard the quote originally coined by Aristotle that states that "the whole is greater than the sum of its parts." This captures the nature of the team perfectly—there is such a synergy that comes from a team that the individuals alone are not able to create. This chapter details the importance of and benefits that you may derive from working as a team, as well as some of the ways we can make our teams more successful.



## Teamwork in the Workplace

### 1. What is a team, and what makes a team effective?

Teamwork has never been more important in organizations than it is today. Whether you work in a manufacturing environment and utilize self-directed work teams, or if you work in the “**knowledge economy**” and derive benefits from collaboration within a team structure, you are harnessing the power of a team.

A team, according to Katzenbach and Smith in their *Harvard Business Review* (HBR) article “The Discipline of Teams,” is defined as “people organized to function cooperatively as a group”.[Katzenbach and Smith, “The Discipline of Teams”, \*Harvard Business Review\*, July 2005.](#) The five elements that make teams function are:

- Common commitment and purpose
- Specific performance goals
- Complementary skills
- Commitment to how the work gets done
- Mutual accountability

A team has a specific purpose that it delivers on, has shared leadership roles, and has both individual and mutual accountabilities. Teams discuss, make decisions, and perform real work together, and they

measure their performance by assessing their collective work products. Wisdom of Teams reference. This is very different from the classic **working group** in an organization (usually organized by functional area) in which there is a focused leader, individual accountabilities and work products, and a group purpose that is the same as the broader organizational mission. Think of the finance organization or a particular business unit in your company—these are, in effect, larger working groups that take on a piece of the broader organizational mission. They are organized under a leader, and their effectiveness is measured by its influence on others within the business (e.g., financial performance of the business.)

### Finance Working Group

Smart managers understand that not all of a company's influential relationships appear as part of the organization chart. Consider a publishing company that might have a lead finance head for each group, such as adult fiction, nonfiction, young adult, and children's book divisions. A finance team working group would help spread best practices and lead to more cohesive operations for the entire organization. (Credit: thetaxhaven /flickr / Attribution 2.0 Generic (CC BY 2.0))



So, what makes a team truly effective? According to Katzenbach and Smith's "Discipline of Teams," there are several practices that the authors have observed in successful teams. These practices include:

Establish urgency, demanding performance standards, and direction. Teams work best when they have a compelling reason for being, and it is thus more likely that the teams will be successful and live up to performance expectations. We've all seen the teams that are brought together to address an "important initiative" for the company, but without clear direction and a truly compelling reason to exist, the team will lose momentum and wither.

Select members for their skill and skill potential, not for their personality. This is not always as easy as it sounds for several reasons. First, most people would prefer to have those with good personalities and positive attitudes on their team in order to promote a pleasant work environment. This is fine, but make sure that those individuals have the skill sets needed (or the potential to acquire/learn) for their piece of the project. The second caveat here is that you don't always know what skills you need on a project until you really dig in and see what's going on. Spend some time up front thinking about the purpose of the project and the anticipated deliverables you will be producing, and think through the specific types of skills you'll need on the team.

Pay particular attention to first meetings and actions. This is one way of saying that first impressions mean a lot—and it is just as important for teams as for individuals. Teams will interact with everyone from functional subject-matter experts all the way to senior leadership, and the team must look competent and be perceived as competent. Keeping an eye on your team's level of **emotional intelligence** is very important and will enhance your team's reputation and ability to navigate stakeholders within the organization.

Set some clear rules of behavior. I have been through many meetings and team situations in which we have rushed through “**ground rules**”

because it felt like they were obvious—and everyone always came up with the same list. It is so critical that the team takes the time up front to capture their own rules of the road in order to keep the team in check. Rules that address areas such as attendance, discussion, confidentiality, project approach, and conflict are key to keeping team members aligned and engaged appropriately.

Set and seize upon a few immediate performance-oriented tasks and goals. What does this mean? Have some quick wins that make the team feel that they're really accomplishing something and working together well. This is very important to the team's confidence, as well as just getting into the practices of working as a team. Success in the larger tasks will come soon enough, as the larger tasks are really just a group of smaller tasks that fit together to produce a larger deliverable.

Challenge the group regularly with fresh facts and information. That is, continue to research and gather information to confirm or challenge what you know about your project. Don't assume that all the facts are static and that you received them at the beginning of the project. Often, you don't know what you don't know until you dig in. I think that the pace of change is so great in the world today that new information is always presenting itself and must be considered in the overall context of the project.

Spend lots of time together. Here's an obvious one that is often overlooked. People are so busy that they forget that an important part of the team process is to spend time together, think together, and bond. Time in person, time on the phone, time in meetings—all of it counts and helps to build camaraderie and trust.

Exploit the power of positive feedback, recognition, and reward. Positive reinforcement is a motivator that will help the members of the team feel more comfortable contributing. It will also reinforce the behaviors and expectations that you're driving within the team. Although there are many extrinsic rewards that can serve as motivators, a successful team begins to feel that its own success and performance is the most rewarding.

**Collaboration** is another key concept and method by which teams can work together very successfully. Bringing together a team of experts from across the business would seem to be a best practice in any situation. However, Gratton and Erickson, in their article *Eight Ways to Build Collaborative Teams*, found that collaboration seems to decrease sharply when a team is working on complex project initiatives. In their study, they examined 55 larger teams and identified those with strong collaboration skills, despite the level of complexity. There were eight success factors for having strong collaboration skills:

- “Signature” relationship practices
- Role models of collaboration among executives
- Establishment of “gift” culture, in which managers mentor employees
- Training in relationship skills
- A sense of community
- Ambidextrous leaders—good at task and people leadership
- Good use of heritage relationships
- Role clarity and talk ambiguity [Gratton and Erickson, “Eight Ways to Build Collaborative Teams”, Harvard Business Review, Nov 2007.](#)

As teams grow in size and complexity, the standard practices that worked well with small teams don’t work anymore. Organizations need to think about how to make collaboration work, and they should leverage the above best practices to build relationships and trust.

1. What is the definition of a team?
2. Name some practices that can make a team more successful.

1. What is a team, and what makes teams

effective?

A team is defined as “people organized to function cooperatively as a group.” Some of the characteristics of a team are that it has a common commitment and purpose, specific performance goals, complementary skills, commitment to how the work gets done, and mutual accountability.

Some of the practices that make a team effective are that they have a sense of urgency and direction; they set clear rules of behavior; they spend lots of time together; and they utilize feedback, recognition, and reward.

## **Glossary**

knowledge economy

The information society, using knowledge to generate tangible and intangible values

working group

Group of experts working together to achieve specific goals; performance is made up of the individual results of all members

emotional intelligence

The capability of individuals to recognize their own emotions and others' emotions

ground rules



Basic rules or principles of conduct that govern a situation or endeavor

collaboration

The action of working with someone to produce or create something

# Team Development Over Time

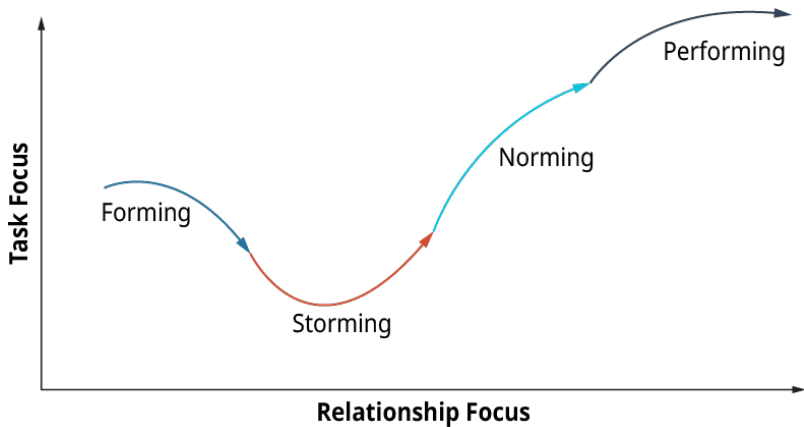
## 1. How do teams develop over time?

If you have been a part of a team—as most of us have—then you intuitively have felt that there are different “stages” of team development. Teams and team members often start from a position of friendliness and excitement about a project or endeavor, but the mood can sour and the team dynamics can go south very quickly once the real work begins. In 1965, educational psychologist Bruce Tuckman at Ohio State University developed a four-stage model to explain the complexities that he had witnessed in team development. The original model was called Tuckman’s Stages of Group Development, and he added the fifth stage of “Adjourning” in 1977 to explain the disbanding of a team at the end of a project. The four stages of the Tuckman model are: [Bruce Tuckman, “Development Sequence in Small Groups”, 1965.](#)

- Forming
- Storming
- Norming
- Performing
- Adjourning

## Tuckman’s Model of Team Development

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The **Forming** stage begins with the introduction of team members. This is known as the “polite stage” in which the team is mainly focused on similarities and the group looks to the leader for structure and direction. The team members at this point are enthusiastic, and issues are still being discussed on a global, ambiguous level. This is when the informal pecking order begins to develop, but the team is still friendly.

The **Storming** stage begins as team members begin vying for leadership and testing the group processes. This is known as the “win-lose” stage, as members clash for control of the group and people begin to choose sides. The attitude about the team and the project begins to shift to negative, and there is frustration around goals, tasks, and progress.

### The Storming Stage

In the storming stage, protracted competition vying for leadership of the group can hinder progress. You are likely to encounter this in your coursework

when a group assignment requires forming a team.  
(Credit: Gerald R. Ford School of Public Policy/  
flickr/ Attribution 2.0 Generic (CC BY 2.0))



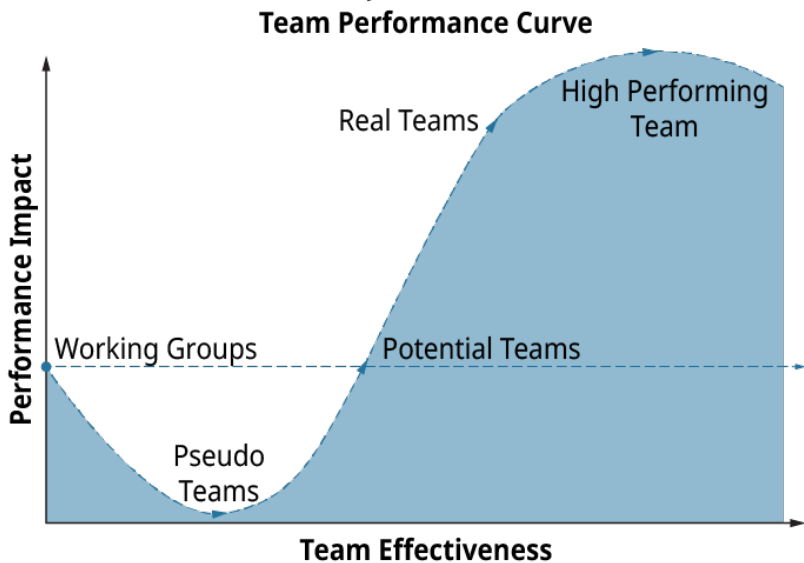
After what can be a very long and painful Storming process for the team, slowly the **Norming** stage may start to take root. During Norming, the team is starting to work well together, and buy-in to group goals occurs. The team is establishing and maintaining ground rules and boundaries, and there is willingness to share responsibility and control. At this point in the team formation, members begin to value and respect each other and their contributions.

Finally, as the team builds momentum and starts to get results, it is entering the **Performing** stage. The team is completely self-directed and requires little management direction. The team has confidence, pride, and enthusiasm, and there is a congruence of

vision, team, and self. As the team continues to perform, it may even succeed in becoming a high-performing team. High-performing teams have optimized both task and people relationships—they are maximizing performance and team effectiveness. Katzenberg and Smith, in their study of teams, have created a “team performance curve” that graphs the journey of a team from a working group to a high-performing team. The team performance curve is illustrated in [\[link\]](#).

### Team Performance Curve

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The process of becoming a high-performance team is not a linear process. Similarly, the four stages of team development in the Tuckman model are not linear, and there are also factors that may cause the team to regress to an earlier stage of development.

When a team member is added to the group, this may change the dynamic enough and be disruptive enough to cause a backwards slide to an earlier stage. Similarly, if a new project task is introduced that causes confusion or anxiety for the group, then this may also cause a backwards slide to an earlier stage of development. Think of your own experiences with project teams and the backslide that the group may have taken when another team member was introduced. You may have personally found the same to be true when a leader or project sponsor changes the scope or adds a new project task. The team has to re-group and will likely re-Storm and re-Form before getting back to Performing as a team.

### **Starting the Startup Team**

Nothing is more exciting than a startup business. The enthusiasm is high, and people are excited about the new venture and the prospects that await. Depending on the situation, there may be funding that the startup has received from investors, or the startup could be growing and powering itself organically. Either way, the startup faces many different questions in the beginning, which will have a tremendous impact on its growth potential and performance down the road. One of the most critical questions that faces a startup—or any business for that matter—is the question of

who should be on the team. Human capital is the greatest asset that any company can have, and it is an especially critical decision in a startup environment when you have limited resources and those resources will be responsible for building the company from ground up.

In Noam Wasserman's January 2012 HBSP article "Assembling the Startup Team," Wasserman asserts:

*"Nothing can bedevil a high-potential startup more than its people problems. In research on startup performance, venture capitalists attributed 65% of portfolio company failures to problems within the startup's management team. Another study asked investors to identify problems that might occur at their portfolio companies; 61% of the problems involved team issues. These problems typically result from choices that founders make as they add team members..."*

These statistics are based on people problems in startups, and it isn't quite clear what percent of larger company failures could be directly or indirectly attributed to people and team issues. I would imagine that the percentage is also significant. The impact of people problems and team issues in a startup organization that is just getting its footing and trying to make the right connections and decisions can be very significant. If you know anyone who has a company in startup mode, you may have noticed that some of the early team members who are selected to join the team

are trusted family members, friends, or former colleagues. Once a startup company grows to a certain level, then it may acquire an experienced CEO to take the helm. In any case, the startup is faced early on with important questions on how to build the team in a way that will maximize the chance of success.

In “Assembling the Startup Team,” the author refers to the three Rs: relationships, roles, and rewards as being key elements that must be managed effectively in order to avoid problems in the long term. Relationships refers to the actual team members that are chosen, and there are several caveats to keep in mind. Hiring relatives or close friends because they are trusted may seem like the right idea in the beginning, but the long-term hazards (per current research) outweigh the benefits. Family and friends may think too similarly, and the team misses the benefit of other perspectives and connections. Roles are important because you have to think about the division of labor and skills, as well as who is in the right roles for decision-making. The startup team needs to think through the implications of assigning people to specific roles, as that may dictate their decision power and status. Finally, defining the rewards can be difficult for the startup team because it essentially means that they are splitting the pie—i.e., both short-term and long-term compensation. For startup founders, this can be a very difficult decision when they have to weigh the balance of



giving something away versus gaining human capital that may ultimately help the business to succeed. Thinking through the tradeoffs and keeping alignment between the “three Rs” is important because it challenges the startup team to think of the long-term consequences of some of their early decisions. It is easy to bring family and friends into the startup equation due to trust factors, but a careful analysis of the “three Rs” will help a startup leadership team make decisions that will pay off in the long term.

### **Discussion Questions**

1. Why might it be a bad decision to hire someone for a key startup role based only on the fact that the person is close family or a friend? What are the potential tradeoffs to the business?
2. What does it mean for the “three Rs” to be in alignment? What is the potential risk of these not being in alignment? What could go wrong?

1. What are the four stages of team development?
2. What can cause a team to regress in its development?

## 1. How do teams develop over time?

Teams go through different stages of team development, which were coined in 1977 as Tuckman's Stages of Group Development by educational psychologist Bruce Tuckman.

Tuckman's model includes these four stages: Forming, Storming, Norming, and Performing. A fifth stage, Adjourning, was added later to explain the disbanding and closure of a team at the end of a project.

Forming begins with team members being happy and polite as they get to know each other and understand the work they'll do together. Storming starts once the work is underway and the team is getting to know each other, and conflicts and project stress begins to seep in. During Norming, the team starts to set rules of the road and define how they want to work together. Performing means that the team is underway and is having some successes and gaining traction. This is definitely not a linear process. Teams can regress to earlier stages if there are changes in team members or work orders that cause disruption and loss of momentum and clarity.

## Glossary

### Forming

The first stage of team development—the positive and polite stage

### Storming

The second stage of team development—when people are pushing against the boundaries

### Norming

The third stage of team development—when team resolves its differences and begins making progress

### Performing

The fourth stage of team development—when hard work leads to the achievement of the team's goal

## Things to Consider When Managing Teams

1. What are some key considerations in managing teams?

For those of us who have had the pleasure of managing or leading a team, we know that it can feel like a dubious distinction. Leading a team is fulfilling—especially if the task or organizational mandate at hand is so critical to the organization that people are happy to be a part of the team that drives things forward. It can also be an exercise in frustration, as the charge is to lead a group composed of various individuals, which at various times will act both like a group and like a bunch of individuals. Managing teams is no small feat, and the most experienced managers truly understand that success ultimately depends on their ability to build a strong and well-functioning team. In J.J. Gabarro's *The Dynamics of Taking Charge* (HBS Press, 1987, pp. 85–87), he quotes a manager who had successfully worked to turn around a number of organizations: [J.J. Gabarro, \*The Dynamics of Taking Charge\*, Harvard Business School Press, 1987, pp. 85-87.](#)

“People have to want to work together; they have to see how to do it. There has to be an environment for it and that takes time. It’s my highest priority right now but I don’t write it down anywhere because it’s not like other priorities. If I told corporate that

building a team was my prime goal they'd tell me, so what? They'd expect that as part of making things better."

I love this quotation because it's so indicative of the state of most organizations today. The focus is on corporate goals and priorities—very task-driven and outcome-driven—but it is the people dynamics and how people work together in the company and in TEAMS that can make a real difference to the goals and outcome.

### Who Am I Managing?

Making the jump from individual contributor to manager is never easy, and it doesn't take long for a new manager to realize that what got him there is much different than what is needed to be successful in the future. Individual contributors that have been recently promoted would probably say that they have strong technical skills in their area, and that they were very good at doing what they were doing. In a more savvy organization that recognizes leadership competencies, individual contributors would probably say that they have strong technical skills AND that they showed some behaviors and potential to lead others. When new managers enter their new roles, they expect that they will be managing people—that is, the people on their teams. Few new managers fully realize

that the challenge ahead is not just in managing their people, but in managing all the other stakeholders and constituencies that want to and need to weigh in.

One of the key challenges that faces new managers is figuring out to balance all of the multiple demands from both the team and the stakeholders and constituencies external to the team. Linda A. Hill, the Wallace Brett Donham Professor of Business Administration at Harvard Business School, states that “among all the challenges facing new managers, the need to reconcile different constituencies’ expectations and interests is probably the most difficult.” She asserts that the demands that the new manager’s direct reports, his peers, his boss, and the company’s customers place on the new manager will cause conflict at times. Having teams of their own, new managers may think that managing their direct reports is the most important role to play, even at the exclusion of managing other stakeholders. This is incorrect. A new manager needs to “manage his other consistencies just as carefully.” (“Helping New Managers Succeed,” Lauren Keller Johnson, *HBR* 2008).

Whenever I started a new role, I always created a quick stakeholder checklist for myself. This document is essentially a list of all the stakeholders (beyond the team I am managing) with whom I need to build a relationship in order to be successful. I listed the names of my boss, my boss’s

boss, my peers, and any other key influencers or internal customers from the business. This is a quick checklist of the people that I need to immediately have a “meet and greet” with and then possibly even set up a regular meeting with at a certain cadence. I have learned over the years that each of these stakeholders will have some input and impact on my success, and the quicker and more effectively I engage them in the work my team is performing, the better the chance of my team’s success. Some of the questions I will ask myself when figuring out my stakeholder list include:

- Whose support will I need?
- Who needs my support? What do they need from me or my team?
- Who can keep me and my team from being successful?
- What is my ongoing influencing strategy?

Some new managers will feel that these strategies for building stakeholder support are too “political” and they don’t feel right. Trust me when I tell you that this is a necessary part of the new manager role, because now the role and the work call for greater interdependence and relation building in order to be successful. It is no longer just about individual technical skills, but more about building and managing relationships with people who will support you and your team to get your work done.

So, if you are a new manager asking “Who am I managing?” ... the answer is EVERYONE.

### Discussion Questions

1. Do you agree with the statement that “what got you there isn’t what will make you successful in the future”? Why or why not?
2. Who would be on your stakeholder checklist? Which stakeholders are you already engaging and building relationships with?

In Linda A. Hill’s *Harvard Business Review* article “Managing Your Team” [Linda A. Hill, “Managing Your Team”, Harvard Business Review, 1995](#). (HBR 1995), she discusses that managing a team means managing paradox. **Paradox** exists in the fact that teams have both individual and collective identities and goals. Each individual has goals and ideas as to what he wants to accomplish—on the project, in one’s career, and in life. The team itself, of course, has goals and success metrics that it needs to meet in order to be successful. Sometimes these can be in conflict with each other. Competition may arise among team members, and a win-loss attitude may take place over a collaborative and problem-solving team dynamic. The team manager may need to step in to help integrate all of the individual differences to enable them to productively pursue the team goal. Therein lies the primary paradox—balancing

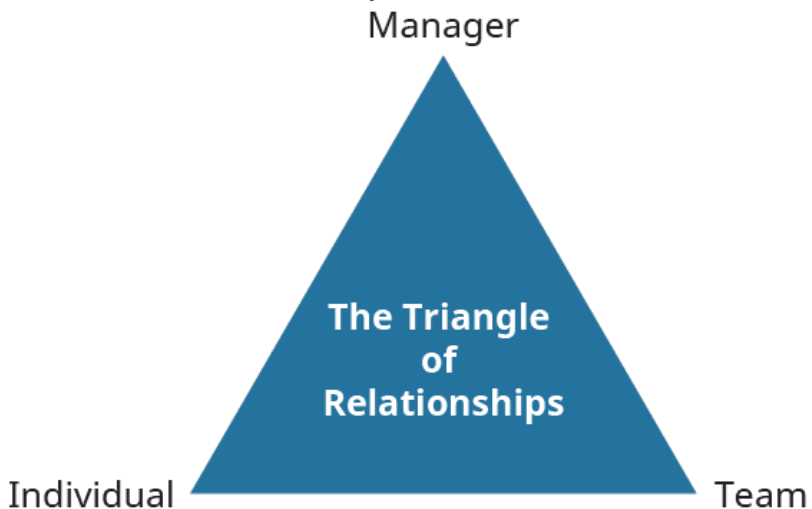


individual differences and goals AND the collective identity and goals. Other paradoxes include:

- Fostering support AND confrontation among team members
- Focusing on performance AND learning and development
- Balancing managerial authority AND team member discretion and autonomy
- Balancing the Triangle of Relationships—manager, team, and individual

### The Triangle of Relationships

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Managing a team also means managing its boundaries. Managing the team's **boundaries**—or space between the team and its external forces, stakeholders, and pressures—is a delicate balance of

strategy, stakeholder management, and organizational behavior. The team manager must serve, in part, as a buffer to these external factors so that they don't derail or distract the team from its goals. However, the manager must also understand enough about the external environment and have enough emotional intelligence to understand which forces, players, or situations must be synthesized within the team for its own benefit. Think about any medium or large-scale change initiative that you have been a part of in your career. Ideally, there is generally a vision for change and a level of sponsorship at the senior levels of the organization that is supposed to pave the way for that change to take root. The project team is officially "blessed" to kick off the team, create a charter, and identify the needed actions to drive the initiative to successful completion.

The dynamic that ensues after the kickoff is really what will determine the success of the team. There are numerous stakeholders in any organization, and many will be pro-change initiative, but others may be against the initiative—either due to lack of understanding or concerns about losing power, territory, etc. The external environment and business strategy may not be particularly well suited for a change initiative to take place, and so there may be the feeling of forces opposing the project team efforts. A strong team manager needs manage these "boundaries" with the organization to help the

team navigate through and with the organizational complexities, goals, nuances, and egos that are a part of any organization. In Linda A. Hill's *Harvard Business Review* article "Exercising Influence," she states that "managers also need to manage relationships with those who are outside their team but inside their organizations.[Linda A. Hill, "Exercising Influence", Harvard Business Review, 1994.](#) To do so, they must understand the power dynamics of the larger organization and invest time and energy in building and maintaining relationship with those on who the team is dependent." It is also, in her view, "the manager's job, at a minimum, to educate other about organizational structures, systems, or politics that interfere with the team's performance." With all of the potential external influences on a team, managing a team's boundaries can truly mean the difference between success and failure.

The final element of managing a team is to manage the team itself—both the people elements and the process elements, or task at hand. The process-focused elements include managing the work plan to reach the overall goal, as well as the incremental meetings and milestones that are a part of the team's journey to reach the longer-term goal. Keeping the team focused on its objectives—beginning with setting agendas all the way to managing project tasks and celebrating milestones—assures that the team will stay on track. Projects and

initiatives vary in size, scope, and complexity, and so the project management tools shouldn't be prescribed in a general sense. The important takeaway here is to choose an approach and a tool that works for the culture of the team and the organization, and that helps the team understand where they are, where they need to go, and what resources are a part of that process.

In managing the team members and interpersonal dynamics, there is the important element of selecting the right team members, shaping the team's norms and culture (how are decisions made, what are our rules, how do we manage conflict, etc.), and coaching the team. Defining the right skill sets, functions, perspectives, and expertise of the members will ensure a solid foundation. Helping the team to identify and formalize the ground rules for team engagement will help manage in the face of adversity or team conflict in the future. Finally, playing a role as a supportive coach will help both the individual team members and the group entity think through issues and make progress towards goals. A coach doesn't solve the individual/team problem, but helps the team think through a solution and move forward. Teams may need guidance on how to work things out within the team, and the manager must provide feedback and hold team members accountable for their behavior and contribution. Continuous improvement is the name of the game. A team may not start out as high

performing, but they can certainly achieve that goal if everyone is focused on incremental improvements to communication, collaboration, and performance.

1. Discuss the paradox(es) of a team.
2. How can a leader manage team boundaries?

1. What are some key considerations in managing teams?

Managing a team is often more complex than people would admit. Although a team and the team leader may be focused on the task or project work, it is actually the people dynamics and how the team works together that will make a real difference to the goals and outcomes. Managers need to remember that most of their time will be spent managing the people dynamics—not the tasks.

Managing teams also means a certain amount of paradox. A team has both individual and collective goals that need to be managed effectively. A manager needs to foster both team supportiveness and the ability to engage in conflict and confrontation. A team manager also needs to help

the team with its boundaries and act as a buffer, a stakeholder manager, or a strategist when the situation calls for each. Exercising influence with key stakeholder groups external to the project group is one of the most critical functions in managing a team.

## **Glossary**

paradox

A self-contradictory statement or situation

boundaries

Lines that make the limits of an area; team boundaries separate the team from its external stakeholders

## Opportunities and Challenges to Team Building

### 1. What are the benefits of conflict for a team?

There are many sources of **conflict** for a team, whether it is due to a communication breakdown, competing views or goals, power struggles, or conflicts between different personalities. The perception is that conflict is generally bad for a team and that it will inevitably bring the team down and cause them to spiral out of control and off track. Conflict does have some potential costs. If handled poorly, it can create distrust within a group, it can be disruptive to group progress and moral, and it could be detrimental to building lasting relationships. It is generally seen as a negative, even though constructive conflicts and constructive responses to conflicts can be an important developmental milestone for a team. Some potential benefits of conflict are that it encourages a greater diversity of ideas and perspectives and helps people to better understand opposing points of view. It can also enhance a team's problem-solving capability and can highlight critical points of discussion and contention that need to be given more thought.

Another key benefit or outcome of conflict is that a team that trusts each other—its members and members' intentions—will arise from conflict being a stronger and higher-performing team. Patrick Lencioni, in his bestselling book *The Five*

*Dysfunctions of a Team* (2002, p. 188), writes: Patrick Lencioni, *The Five Dysfunctions of a Team*, 2002, p. 188.

*“The first dysfunction is an absence of trust among team members. Essentially, this stems from their unwillingness to be vulnerable within the group. Team members who are not genuinely open with one another about their mistakes and weaknesses make it impossible to build a foundation for trust. This failure to build trust is damaging because it sets the tone for the second dysfunction: fear of conflict. Teams that lack trust are incapable of engaging in unfiltered and passionate debate of ideas. Instead, they resort to veiled discussions and guarded comments.”*

Lencioni also asserts that if a team doesn't work through its conflict and air its opinions through debate, team members will never really be able to buy in and commit to decisions. (This lack of commitment is Lencioni's third dysfunction.) Teams often have a fear of conflict so as not to hurt any team members' feelings. The downside of this avoidance is that conflicts still exist under the surface and may resurface in more insidious and back-channel ways that can derail a team. How can a team overcome its fear of conflict and move the team forward? Lencioni names a few strategies that teams can use to make conflict more common and productive. **Mining** is a technique that can be used in teams that tend to avoid conflict. This technique



requires that one team member “assume the role of a ‘miner of conflict’—someone who extracts buried disagreements within the team and sheds the light of day on them. They must have the courage and confidence to call out sensitive issues and force team members to work through them.” **Real-time permission** is another technique to “recognize when the people engaged in conflict are becoming uncomfortable with the level of discord, and then interrupt to remind them that what they are doing is necessary.” This technique can help the group to focus on the points of conflict by coaching the team not to sweep things under the rug.

The team leader plays a very important role in the team’s ability to address and navigate successfully through conflicts. Sometime a leader will have the attitude that conflict is a derail and will try to stymie it at any cost. This ultimately leads to a team culture in which conflict is avoided and the underlying feelings are allowed to accumulate below the surface of the discussion. The leader should, by contrast, model the appropriate behavior by constructively addressing conflict and bringing issues to the surface to be addressed and resolved by the team. This is key to building a successful and effective team.

There are a variety of individual responses to conflict that you may see as a team member. Some people take the constructive and thoughtful path

when conflicts arise, while others may jump immediately to destructive behaviors. In *Managing Conflict Dynamics: A Practical Approach*, Capobianco, Davis, and Kraus (2005) recognized that there are both constructive and destructive responses to conflict, as well as active and passive responses that we need to recognize. In the event of team conflict, the goal is to have a constructive response in order to encourage dialogue, learning, and resolution. [Capobianco, Davis and Kraus, Managing Conflict Dynamics: A Practical Approach, \(2005\)](#)

Responses such as perspective taking, creating solutions, expressing emotions, and reaching out are considered active and constructive responses to conflict. Reflective thinking, delay responding, and adapting are considered passive and destructive responses to conflict. See [\[link\]](#) for a visual of the constructive responses, as well as the destructive responses, to conflict.

### Responses to Conflict

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	Constructive	Destructive
Active	<ul style="list-style-type: none"><li>• Perspective taking</li><li>• Creating solutions</li><li>• Expressing emotions</li><li>• Reaching out</li></ul>	<ul style="list-style-type: none"><li>• Winning</li><li>• Displaying anger</li><li>• Demeaning others</li><li>• Retaliating</li></ul>
Passive	<ul style="list-style-type: none"><li>• Reflective thinking</li><li>• Delay responding</li><li>• Adapting</li></ul>	<ul style="list-style-type: none"><li>• Avoiding</li><li>• Yielding</li><li>• Hiding emotions</li><li>• Self-criticizing</li></ul>

In summary, conflict is never easy for an individual or a team to navigate through, but it can and should be done. Illuminating the team about areas of conflict and differing perspectives can have a very positive impact on the growth and future performance of the team, and it should be managed constructively.

1. What are some techniques to make conflict more productive?
2. What are some destructive responses to conflict?

### 1. What are the benefits of conflict for a team?

Conflict during team interactions can feel like it derails progress, but it is one of the most important experiences that a team can have together. A team that can productively work through conflict will end up stronger, building more trust and being more open to sharing opinions. Team members will feel safe buying in and committing to decision-making as a team.

One of the other key benefits of conflict is that it

encourages a greater diversity of ideas and perspectives, and it helps people to better understand opposing points of view. If a team doesn't work through conflict well and doesn't feel comfortable with the sharing and debating of ideas, it loses the opportunity to effectively vet ideas and potential solutions. The result is that the decision or solution will be limited, as team members haven't fully shared their concerns and perspectives.

## **Glossary**

### **mining**

To delve in to extract something of value; a technique for generating discussion instead of burying it

### **real-time permission**

A technique for recognizing when conflict is uncomfortable, and giving permission to continue

## Team Diversity

### 1. How does team diversity enhance decision-making and problem-solving?

Decision-making and problem-solving can be much more dynamic and successful when performed in a diverse team environment. The multiple diverse perspectives can enhance both the understanding of the problem and the quality of the solution. As I reflect on some of the leadership development work that I have done in my career, I can say from experience that the team activities and projects that intentionally brought diverse individuals together created the best environments for problem-solving. Diverse leaders from a variety of functions, from across the globe, at varying stages of their careers and experiences with and outside of the company had the most robust discussions and perspectives. **Diversity** is a word that is very commonly used today, but the importance of diversity and building diverse teams can sometimes get lost in the normal processes of doing business. Let's discuss why we need to keep these principles front of mind.

In the *Harvard Business Review* article "Why Diverse Teams are Smarter" (Nov. 2016), David Rock and Heidi Grant support the idea that increasing workplace diversity is a good business decision. [David Rock and Heidi Grant, "Why Diverse Teams are Smarter", Harvard Business Review, Nov](#)

**2016.** A 2015 McKinsey report on 366 public companies found that those in the top quartile for ethnic and racial diversity in management were 35% more likely to have financial returns above their industry mean, and those in the top quartile for gender diversity were 15% more likely to have returns above the industry mean. Similarly, in a global analysis conducted by Credit Suisse, organizations with at least one female board member yielded a higher return on equity and higher net income growth than those that did not have any women on the board.

### **The Benefits of Diversity for Teams**

Teams made up of diverse members tend to perform better than teams of similar backgrounds. Here, the Women of Color in Technology work on a project. The tech industry has been criticized for the lack of diversity among its ranks, and groups like the Women of Color in Technology are looking to change that. (Credit: WOCin Tech Chat/ flickr/ Attribution 2.0 Generic (CC BY 2.0))



Additional research on diversity has shown that diverse teams are better at decision-making and problem-solving because they tend to focus more on facts, per the Rock and Grant article. [Ibid.](#) A study published in the *Journal of Personality and Social Psychology* showed that people from diverse backgrounds “might actually alter the behavior of a group’s social majority in ways that lead to improved and more accurate group thinking.” It turned out that in the study, the diverse panels raised more facts related to the case than homogenous panels and made fewer factual errors while discussing available evidence. Another study noted in the article showed that diverse teams are “more likely to constantly reexamine facts and remain objective. They may also encourage greater scrutiny of each member’s actions, keeping their joint cognitive resources sharp and vigilant. By

breaking up workforce homogeneity, you can allow your employees to become more aware of their own potential biases—entrenched ways of thinking that can otherwise blind them to key information and even lead them to make errors in decision-making processes.” In other words, when people are among homogeneous and like-minded (nondiverse) teammates, the team is susceptible to groupthink and may be reticent to think about opposing viewpoints since all team members are in alignment. In a more diverse team with a variety of backgrounds and experiences, the opposing viewpoints are more likely to come out and the team members feel obligated to research and address the questions that have been raised. Again, this enables a richer discussion and a more in-depth fact-finding and exploration of opposing ideas and viewpoints in order to solve problems.

Diversity in teams also leads to greater innovation. A Boston Consulting Group article entitled “The Mix that Matters: Innovation through Diversity” explains a study in which BCG and the Technical University of Munich conducted an empirical analysis to understand the relationship between diversity in managers (all management levels) and innovation. The key findings of this study show that:[Lorenzo, Yoigt, Schetelig, Zawadzki, Welp, Brosi, “The Mix that Matters: Innovation Through Diversity”, Boston Consulting Group, April 2017.](#)



- The positive relationship between management diversity and innovation is statistically significant—and thus companies with higher levels of diversity derive more revenue from new products and services.
- The innovation boost isn't limited to a single type of diversity. The presence of managers who are either female or are from other countries, industries, or companies can cause an increase in innovation.
- Management diversity seems to have a particularly positive effect on innovation at complex companies—those that have multiple product lines or that operate in multiple industry segments.
- To reach its potential, gender diversity needs to go beyond tokenism. In the study, innovation performance only increased significantly when the workforce included more than 20% women in management positions. Having a high percentage of female employees doesn't increase innovation if only a small number of women are managers.
- At companies with diverse management teams, openness to contributions from lower-level workers and an environment in which employees feel free to speak their minds are crucial for fostering innovation.

When you consider the impact that diverse teams have on decision-making and problem-solving—

through the discussion and incorporation of new perspectives, ideas, and data—it is no wonder that the BCG study shows greater innovation. Team leaders need to reflect upon these findings during the early stages of team selection so that they can reap the benefits of having diverse voices and backgrounds.

1. Why do diverse teams focus more on data than homogeneous teams?
2. How are diversity and innovation related?

1. How does team diversity enhance team decision-making and problem-solving?

Decision-making and problem-solving is so much more dynamic and successful when performed in a diverse team environment. Much like the benefits of conflict, diversity can bring forward opposing points of view and different perspectives and information that might not have been considered if the team were more homogeneous. Diverse teams are thus made “smarter” by bringing together an array of information, sources, and experiences for decision-making.

Other research on diversity indicates that diverse teams excel at decision-making and problem-solving because they tend to focus more on facts. Studies indicate that diverse team members may actually sway the team's behavior to focus more on proven data—possibly because of the prospect of having to explain and back up one's perspectives if a conflict should erupt on the team. In a more homogenous team, there is more risk of “groupthink” and the lack of challenging of ideas.

## Multicultural Teams

1. What are some challenges and best practices for managing and working with multicultural teams?

As globalization has increased over the last decades, workplaces have felt the impact of working within multicultural teams. The earlier section on team diversity outlined some of the highlights and benefits of working on diverse teams, and a multicultural group certainly qualifies as diverse. However, there are some key practices that are recommended to those who are leading multicultural teams so that they can parlay the diversity into an advantage and not be derailed by it.

People may assume that communication is the key factor that can derail multicultural teams, as participants may have different languages and communication styles. In the *Harvard Business Review* article “Managing Multicultural Teams,” the authors point out four key cultural differences that can cause destructive conflicts in a team. [Brett, Behfar, Kern, “Managing Multicultural Teams”, Harvard Business Review, 2007](#). The first difference is *direct versus indirect communication*. Some cultures are very direct and explicit in their communication, while others are more indirect and ask questions rather than pointing out problems. This difference

can cause conflict because, at the extreme, the direct style may be considered offensive by some, while the indirect style may be perceived as unproductive and passive-aggressive in team interactions.

The second difference that multicultural teams may face is *trouble with accents and fluency*. When team members don't speak the same language, there may be one language that dominates the group interaction—and those who don't speak it may feel left out. The speakers of the primary language may feel that those members don't contribute as much or are less competent. The next challenge is when there are *differing attitudes toward hierarchy*. Some cultures are very respectful of the hierarchy and will treat team members based on that hierarchy. Other cultures are more egalitarian and don't observe hierarchical differences to the same degree. This may lead to clashes if some people feel that they are being disrespected and not treated according to their status. The final difference that may challenge multicultural teams is *conflicting decision-making norms*. Different cultures make decisions differently, and some will apply a great deal of analysis and preparation beforehand. Those cultures that make decisions more quickly (and need just enough information to make a decision) may be frustrated with the slow response and relatively longer thought process.

These cultural differences are good examples of how everyday team activities (decision-making, communication, interaction among team members) may become points of contention for a multicultural team if there isn't adequate understanding of everyone's culture. The authors propose that there are several potential interventions to try if these conflicts arise. One simple intervention is **adaptation**, which is working with or around differences. This is best used when team members are willing to acknowledge the cultural differences and learn how to work with them. The next intervention technique is **structural intervention**, or reorganizing to reduce friction on the team. This technique is best used if there are unproductive subgroups or cliques within the team that need to be moved around. **Managerial intervention** is the technique of making decisions by management and without team involvement. This technique is one that should be used sparingly, as it essentially shows that the team needs guidance and can't move forward without management getting involved. Finally, **exit** is an intervention of last resort, and is the voluntary or involuntary removal of a team member. If the differences and challenges have proven to be so great that an individual on the team can no longer work with the team productively, then it may be necessary to remove the team member in question.

There are some people who seem to be innately

aware of and able to work with cultural differences on teams and in their organizations. These individuals might be said to have **cultural intelligence**. Cultural intelligence is a competency and a skill that enables individuals to function effectively in cross-cultural environments. It develops as people become more aware of the influence of culture and more capable of adapting their behavior to the norms of other cultures. In the *IESE Insight* article entitled “Cultural Competence: Why It Matters and How You Can Acquire It” (Lee and Liao, 2015), the authors assert that “multicultural leaders may relate better to team members from different cultures and resolve conflicts more easily. [Li and Liao, “Cultural Competence: Why it Matters and How You Can Acquire It”, IESE Insight, 2015.](#) Their multiple talents can also be put to good use in international negotiations.” Multicultural leaders don’t have a lot of “baggage” from any one culture, and so are sometimes perceived as being culturally neutral. They are very good at handling diversity, which gives them a great advantage in their relationships with teammates.

In order to help employees become better team members in a world that is increasingly multicultural, there are a few best practices that the authors recommend for honing cross-cultural skills. The first is to “broaden your mind”—expand your own cultural channels (travel, movies, books) and

surround yourself with people from other cultures. This helps to raise your own awareness of the cultural differences and norms that you may encounter. Another best practice is to “develop your cross-cultural skills through practice” and experiential learning. You may have the opportunity to work or travel abroad—but if you don’t, then getting to know some of your company’s cross-cultural colleagues or foreign visitors will help you to practice your skills. Serving on a cross-cultural project team and taking the time to get to know and bond with your global colleagues is an excellent way to develop skills. In my own “past life,” I led a global human resources organization, and my team included employees from China, India, Brazil, Hungary, the Netherlands, and the United States. We would have annual meetings as a global HR team, and it was so rewarding to share and learn about each other’s cultures. We would initiate the week with a gift exchange in a “show and tell” format from our various countries, so that everyone would learn a little bit more about the cultures in which our fellow colleagues were working. This type of interaction within a global team is a great way to facilitate cross-cultural understanding and communication, and to sharpen everyone’s cultural intelligence.



If you are a part of a global team, there are so many challenges that confront you even before you talk about people dynamics and cultural differences. You first may have to juggle time zone differences to find an adequate meeting time that suits all team members. (I used to have a team call with my Chinese colleagues at 8 p.m. my time, so that I could catch them at 8 a.m. in China the next day!) Language challenges can also pose a problem. In many countries, people are beginning to learn English as one of the main business languages. However, as I have experienced, people don't always speak their language the same way that you might learn their language in a book. There are colloquialisms, terms, and abbreviations of words that you can't learn in a classroom—you need to experience how people speak in their native countries.

You also need to be open-minded and look at situations from the perspective of your colleagues' cultures, just as you hope they will be open-minded about yours. This is referred to as cultural intelligence. Whenever I would travel globally to visit my colleagues in other countries, I would see foods, traditions, situations, and behaviors that were very "foreign" to me. Although my first response to experiencing these might be to think "wow, that's strange," I would try to think about what some of my global colleagues find "foreign" when they come to visit me in the United States. For example, my travel to China would put me in

contact with chicken feet, a very popular food in China and one that I dislike immensely. Whenever I was offered chicken feet, I would turn them down in the most polite way possible and would take another food that was offered instead. I started to wonder about what my Chinese colleagues thought about the food when they'd come to visit me in the United States. Every year, I would host a global HR meeting in the United States, and a bit part of that meeting was the camaraderie and the sharing of various meals together. When I asked my Chinese colleagues what foods they thought were unpleasant, they mentioned cheese and meat. I was surprised about the meat, and when I asked, they said that it wasn't the meat itself necessarily, but it was the giant portions of meat that Americans will eat that, to them, is pretty unappetizing. Again, it is so important to check yourself and your own culture every so often, and to think about those elements that we take for granted (e.g., gigantic meat portions) and try to look at them from the eyes of another culture. It really makes us smarter and better partners to our global colleagues around the world.

In the *HBR* article "Getting Cross-Cultural Teamwork Right," the author states that three key factors—mutual learning, mutual understanding, and mutual teaching—build trust with cross-cultural colleagues as you try to bridge cultural gaps. With mutual learning, global colleagues learn from each other and absorb the new culture and

behaviors through listening and observation. In mutual understanding, you try to understand the logic and cultural behaviors of the new culture to understand why people are doing what they do. This, of course, requires suspending judgment and trying to understand and embrace the differences. Finally, mutual teaching involves instructing and facilitating. This means trying to bridge the gap between the two cultures and helping yourself and others see where different cultures are coming from in order to resolve misunderstandings.

Understanding and finding common ground with your global colleagues isn't easy, and it takes patience and continuous improvement. In the end, however, I think that you will find it one of the most rewarding and enlightening things you can do. The more we work to close the multicultural "gap" and make it a multicultural advantage, the better off we will be as professionals and as people.

### **Discussion Questions**

1. What are some multicultural experiences that you've had in which you feel that there was a very wide gap between you and an individual from another culture? How did you handle it?
2. Has economic globalization helped people to bridge these cultural gaps? Why or why not?

Once you have a sense of the different cultures and

have started to work on developing your cross-cultural skills, another good practice is to “boost your cultural metacognition” and monitor your own behavior in multicultural situations. When you are in a situation in which you are interacting with multicultural individuals, you should test yourself and be aware of how you act and feel. Observe both your positive and negative interactions with people, and learn from them. Developing “**cognitive complexity**” is the final best practice for boosting multicultural skills. This is the most advanced, and it requires being able to view situations from more than one cultural framework. In order to see things from another perspective, you need to have a strong sense of emotional intelligence, empathy, and sympathy, and be willing to engage in honest communications.

In the *Harvard Business Review* article “Cultural Intelligence,” the authors describe three sources of cultural intelligence that teams should consider if they are serious about becoming more adept in their cross-cultural skills and understanding. These sources, very simply, are **head, body, and heart**. One first learns about the beliefs, customs, and taboos of foreign cultures via the **head**. Training programs are based on providing this type of overview information—which is helpful, but obviously isn’t experiential. This is the cognitive component of cultural intelligence. The second source, the **body**, involves more commitment and

experimentation with the new culture. It is this physical component (demeanor, eye contact, posture, accent) that shows a deeper level of understanding of the new culture and its physical manifestations. The final source, the **heart**, deals with a person's own confidence in their ability to adapt to and deal well with cultures outside of their own. Heart really speaks to one's own level of emotional commitment and motivation to understand the new culture.

The authors have created a quick assessment to diagnose cultural intelligence, based on these cognitive, physical, and emotional/motivational measures (i.e., head, body, heart).

Please refer to [\[link\]](#) for a short diagnostic that allows you to assess your cultural intelligence.

### **Assessing Your Cultural Intelligence**

Generally, scoring below 3 in any one of the three measures signals an area requiring improvement. Averaging over 4 displays

strength in cultural intelligence.

Adapted from “Cultural Intelligence,” Earley and Mosakowski, *Harvard Business Review*, October 2004

Give your responses using a 1 to 5 scale where 1 means that you strongly disagree and 5 means that you strongly agree with the statement.

Before I interact with people from a new culture, I wonder to myself what I hope to achieve.

If I encounter something unexpected while working in a new culture, I use that experience to build new ways to approach other cultures in the future.

I plan on how I am going to relate to people from a different culture before I meet with them.

When I come into a new

cultural situation, I can immediately sense whether things are going well or if things are going wrong.

Add your total from the four questions above.

Divide the total by 4. This is your ***Cognitive Cultural Quotient***.

It is easy for me to change my body language (posture or facial expression) to suit people from a different culture.

I can alter my expressions when a cultural encounter requires it.

I can modify my speech style by changing my accent or pitch of voice to suit people from different cultures.

I can easily change the way I act when a cross-cultural encounter seems to require it.

Add your total from the four questions above.

Divide the total by 4. This is your ***Cognitive Physical***

**Quotient.**

I have confidence in my ability to deal well with people from different cultures than mine.

I am certain that I can befriend people of different cultural backgrounds than mine.

I can adapt to the lifestyle of a different culture with relative ease.

I am confident in my ability to deal with an unfamiliar cultural situation or encounter.

Add your total from the four questions above.

Divide the total by 4. This is your ***Emotional/Motivational Cognitive Quotient.***

Cultural intelligence is an extension of emotional intelligence. An individual must have a level of awareness and understanding of the new culture so that he can adapt to the style, pace, language, nonverbal communication, etc. and work together successfully with the new culture. A multicultural team can only find success if its members take the



time to understand each other and ensure that everyone feels included. Multiculturalism and cultural intelligence are traits that are taking on increasing importance in the business world today. [Earley and Mosakowski, “Cultural Intelligence”, Harvard Business Review article 2004](#). By following best practices and avoiding the challenges and pitfalls that can derail a multicultural team, a team can find great success and personal fulfillment well beyond the boundaries of the project or work engagement.

1. What are some of the challenges of a multicultural team?
2. Explain the cultural intelligence techniques of head, body, and heart.

1. What are some challenges and best practices for managing and working with multicultural teams?

With the increase in globalization over the years, teams have seen the addition of multicultural individuals on their teams, who bring with them their own diverse backgrounds and perspectives.

There are very positive aspects that result from the added diversity, as discussed in the previous questions. There are also challenges that we need to be aware of when we are managing these teams.

Challenges can arise from communication styles and accents, but can also appear in the form of decision-making norms and attitudes toward hierarchy.

There are some team manager interventions that are best practices for addressing these challenges. There are also some best practices for building the cultural intelligence that will make the team more adept at understanding and dealing with differences among cultures.

## **Chapter Review Questions**

1. What are the key differences between a team and a working group?
2. At what stage of team development does the team finally start to see results?
3. What can cause a team to digress to an earlier stage of team development?
4. What can a team leader do to manage the team's boundaries?
5. How does managing conflict help a team learn and grow?
6. What are some strategies to make conflict more productive?
7. Why are diverse teams better at decision-

- making and problem-solving?
8. Why do diverse teams utilize data more often than homogeneous teams?
  9. What are some of the challenges that multicultural teams face?
  10. What are the key sources of cultural intelligence?

## **Management Skills Application Exercises**

1. Do you agree with Katzenbach and Smith's key practices that make teams effective? Why or why not? Which of these practices have you personally experienced? Are there any additional practices that you would add?
2. Have you ever been part of a team that made it through all four stages of team development? In which stage did the team remain the longest? In which stage did the team remain the shortest amount of time? What did you learn?
3. Why do you think it is so important to manage a team's boundaries? How can external stakeholders impact the function and performance of the team? Why is emotional intelligence such an important skill to have when managing a team?
4. In your experience, have you ever been in a situation in which conflict became a negative

thing for a team? How was the conflict handled? How can a team manager ensure that conflict is handled constructively?

5. What is the difference between cultural intelligence and emotional intelligence? How can the cultural intelligence of a team improve performance? Have you ever been on a multicultural team that was high on cultural intelligence? How about a team that was low on cultural intelligence? What were the impacts?

## **Managerial Decision Exercises**

1. You are a manager of a team that is taking a long time to move through the Storming stage. There are two individuals on the team that seem to be unproductive when dealing with conflict and are holding the team back. What would you do to help the team move through conflict management and begin Norming and Performing?
2. One of your direct reports on your team is very focused on his own personal development. He is a strong employee individually, but hasn't had as much experience working in a team environment on a project. He wants to do well, but isn't exactly sure how to work within this context. How would you instruct him?

3. You are leading a team responsible for a very important strategic initiative at your company. You have launched the project, and your team is very motivated and excited to move forward. You have the sense, however, that your sponsor and some other stakeholders are not fully engaged. What do you do to engage them?
4. You are the project manager of a cross-functional team project that was just approved. You have been given several good team members who are from different functions, but many of them think similarly and are unlikely to question each other on team decisions. You have the choice of keeping a homogeneous team that will probably have few team issues or building a diverse team that may well engage in conflict and take much longer to come to decisions. What choice would you make? What other information would you want to know to make the decision?
5. You are the director of a multicultural team with employees across the globe. Your team rarely has the opportunity to meet in person, but you have been given the budget to bring everyone together for a week-long global team meeting and team building. How would you structure the time together? What are some of the activities you would suggest to build stronger relationships among team members?

# Critical Thinking Case

## Diverse Teams Hold Court

Diverse teams have been proven to be better at problem-solving and decision-making for a number of reasons. First, they bring many different perspectives to the table. Second, they rely more on facts and use those facts to substantiate their positions. What is even more interesting is that, according to the *Scientific American* article “How Diversity Makes Us Smarter,” simply “being around people who are different from us makes more creative, diligent, and harder-working.”

One case in point is the example of jury decision-making, where fact-finding and logical decision-making are of utmost importance. A 2006 study of jury decision-making, led by social psychologist Samuel Sommers of Tufts University, showed that racially diverse groups exchanged a wider range of information during deliberation of a case than all-white groups did. The researcher also conducted mock jury trials with a group of real jurors to show the impact of diversity on jury decision-making.

Interestingly enough, it was the mere presence of diversity on the jury that made jurors consider the facts more, and they had fewer errors recalling the relevant information. The groups even became more willing to discuss the role of race case, when they

hadn't before with an all-white jury. This wasn't the case because the diverse jury members brought new information to the group—it happened because, according to the author, the mere presence of diversity made people more open-minded and diligent. Given what we discussed on the benefits of diversity, it makes sense. People are more likely to be prepared, to be diligent, and to think logically about something if they know that they will be pushed or tested on it. And who else would push you or test you on something, if not someone who is different from you in perspective, experience, or thinking. “Diversity jolts us into cognitive action in ways that homogeneity simply does not.”

So, the next time you are called for jury duty, or to serve on a board committee, or to make an important decision as part of a team, remember that one way to generate a great discussion and come up with a strong solution is to pull together a diverse team.

### **Critical Thinking Questions**

1. If you don't have a diverse group of people on your team, how can you ensure that you will have robust discussions and decision-making? What techniques can you use to generate conversations from different perspectives?
2. Evaluate your own team at work. Is it a diverse team? How would you rate the quality of decisions generated from that group?

Sources: Adapted from Katherine W. Phillips, “How Diversity Makes Us Smarter,” *Scientific American*, October 2014, p. 7–8.

## Glossary

### adaptation

Technique of working with or around differences

### structural intervention

Technique of reorganizing to reduce friction on a team

### managerial intervention

Technique of making decisions by management and without team involvement

### exit

Technique of last resort—removal of a team member

### cultural intelligence

A skill that enables individuals to function effectively in cross-cultural environments

### cognitive complexity

The ability to view situations from more than one cultural framework

### head, body, and heart

Techniques for becoming more adept in cross-



cultural skills—learning about cultures  
(head), physical manifestations of culture  
(body), and emotional commitment to new  
culture (heart)

## Introduction

class = "introduction" (Credit: UC Davis College of Engineering/ flickr/ Attribution 2.0 Generic (CC BY 2.0))



## Learning Outcomes

After reading this chapter, you should be able to answer these questions:

1. Understand and describe the communication process.
2. Know the types of communications that occur in organizations.
3. Understand how power, status, purpose, and interpersonal skills affect communications in organizations.
4. Describe how corporate reputations are defined by how an organization communicates to all of its stakeholders.
5. Know why talking, listening, reading, and writing are vital to managing effectively.

## John Legere, T-Mobile

The chief executive officer is often the face of the company. He or she is often the North Star of the company, providing guidance and direction for the entire organization. With other stakeholders, such as shareholders, suppliers, regulatory agencies, and customers, CEOs often take more reserved and structured approaches. One CEO who definitely stands out is John Legere, the CEO of T-Mobile. The unconventional CEO of the self-proclaimed “un-carrier” hosts a Sunday morning podcast called “Slow Cooker Sunday” on Facebook Live, and where most CEOs appear on television interviews in standard business attire, Legere appears with shoulder-length hair dressed in a magenta T-shirt, black jacket, and pink sneakers. Whereas most CEOs use well-scripted language to address business issues and competitors, Legere refers to T-Mobile’s largest competitors, AT&T and Verizon, as “dumb and dumber.”

In the mobile phone market, T-Mobile is the number-three player competing with giants AT&T and Verizon and recently came to an agreement to merge with Sprint. Of all the consolidation sweeping through the media and telecommunications arena, T-Mobile and Sprint are the most direct of competitors. Their merger would reduce the number of national wireless carriers from four to three, a move the Federal Communications Commission has firmly opposed in the past. Then again, the wireless market looks a

bit different now, as does the administration in power.

John Legere and other CEOs such as Mark Cuban, Elon Musk, and Richard Branson have a more public profile than executives at other companies that keep a lower profile and are more guarded in their public comments, often restricting their public statements to quarterly investor and analyst meetings. It is likely that the personality and communication style that the executives reveal in public is also the way that they relate to their employees. The outgoing personality of someone such as John Legere will motivate some employees, but he might be seen as too much of a cheerleader by other employees.

Sometimes the unscripted comments and colorful language that Legere uses can cause issues with employees and the public. For instance, some T-Mobile employees in their call center admonished Legere for comments at a press event where he said Verizon and AT&T were “raping” customers for every penny they have. Legere’s comments caused lengthy discussions in online forums such as Reddit about his choice of words. Legere is known for speaking his mind in public and often uses profanity, but many thought this comment crossed the line. While frank, open communication is often appreciated and leads to a clarity of message, senders of communication, be it in a public forum, an internal memo, or even a text message, should always think through the consequences of their

words.

Sources: Tara Lachapelle, "T-Mobile's Argument for Sprint Deal is as Loud as CEO John Legere's Style," *The Seattle Times*, July 9, 2018, <https://www.seattletimes.com/business/t-mobiles-argument-for-sprint-deal-is-as-loud-as-ceo-john-legeres-style/>; Janko Roettgers, "T-Mobile CEO John Legere Pokes Fun at Verizon's Go90 Closure," *Variety*, June 29, 2018, <https://variety.com/2018/digital/news/john-legere-go90-1202862397/>; Rachel Lerman, "T-Mobile's Loud, Outspoken John Legere is Not Your Typical CEO," *The Chicago Tribune*, April 30, 2018, [www.chicagotribune.com/business/sns-tns-bc-tmobile-legere-20180430-story.html](http://www.chicagotribune.com/business/sns-tns-bc-tmobile-legere-20180430-story.html); Steve Kovach, T-Mobile Employees Speak Out and Call CEO's Recent Rape Comments "Violent" and "Traumatizing," *Business Insider*, June 27, 2014, <https://www.businessinsider.com/t-mobile-employees-speak-out-legere-rape-comment-2014-6>; Brian X. Chen, One on One: John Legere, the Hip New Chief of T-Mobile USA," *New York Times*, January 9, 2013, <https://bits.blogs.nytimes.com/2013/01/09/one-on-one-john-legere-the-hip-new-chief-of-t-mobile-usa/>.

We will distinguish between communication between two individuals and communication amongst several individuals (groups) and communication outside the organization. We will

show that managers spend a majority of their time in communication with others. We will examine the reasons for communication and discuss the basic model of interpersonal communication, the types of interpersonal communication, and major influences on the communication process. We will also discuss how organizational reputation is defined by communication with stakeholders.

# The Process of Managerial Communication

1. Understand and describe the communication process.

Interpersonal communication is an important part of being an effective manager:

- It influences the opinions, attitude, motivation, and behaviors of others.
- It expresses our feelings, emotions, and intentions to others.
- It is the vehicle for providing, receiving, and exchanging information regarding events or issues that concern us.
- It reinforces the formal structure of the organization by such means as making use of formal channels of communication.

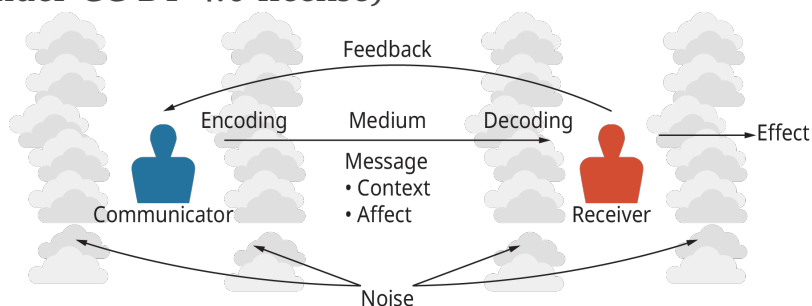
Interpersonal communication allows employees at all levels of an organization to interact with others, to secure desired results, to request or extend assistance, and to make use of and reinforce the formal design of the organization. These purposes serve not only the individuals involved, but the larger goal of improving the quality of organizational effectiveness.

The model that we present here is an oversimplification of what really happens in communication, but this model will be useful in

creating a diagram to be used to discuss the topic. [\[link\]](#) illustrates a simple communication episode where a **communicator** encodes a message and a **receiver** decodes the message. C. Shannon and W. Weaver, *The Mathematical Theory of Communication*, University of Illinois Press, 1948.

### The Basic Communication Model

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## Encoding and Decoding

Two important aspects of this model are **encoding** and **decoding**. Encoding is the process by which individuals initiating the communication translate their ideas into a systematic set of symbols (language), either written or spoken. Encoding is influenced by the sender's previous experiences with the topic or issue, her emotional state at the time of the message, the importance of the message, and the people involved. Decoding is the process by which the recipient of the message interprets it. The receiver attaches meaning to the message and tries



to uncover its underlying intent. Decoding is also influenced by the receiver's previous experiences and frame of reference at the time of receiving the message.

## Feedback

Several types of feedback can occur after a message is sent from the communicator to the receiver. Feedback can be viewed as the last step in completing a communication episode and may take several forms, such as a verbal response, a nod of the head, a response asking for more information, or no response at all. As with the initial message, the response also involves encoding, medium, and decoding.

There are three basic types of feedback that occur in communication. [R. E. Quinn, S. R. Faerman, M. P. Thompson, M.R. McGrath, and D. S. Bright, \*Becoming a Master Manager\*, Sixth edition, Wiley, 2015, Page 48.](#) These are informational, corrective, and reinforcing. In informational feedback, the receiver provides nonevaluative information to the communicator. An example is the level of inventory at the end of the month. In corrective feedback, the receiver responds by challenging the original message. The receiver might respond that it is not her responsibility to monitor inventory. In reinforcing feedback, the receiver communicated

that she has clearly received the message and its intentions. For instance, the grade that you receive on a term paper (either positive or negative) is reinforcing feedback on your term paper (your original communication).

## Noise

There is, however, a variety of ways that the intended message can get distorted. Factors that distort message clarity are **noise**. Noise can occur at any point along the model shown in [\[link\]](#), including the decoding process. For example, a manager might be under pressure and issue a directive, “I want this job completed today, and I don’t care what it costs,” when the manager does care what it costs.

1. Describe the communication process.
2. Why is feedback a critical part of the communication process?
3. What are some things that managers can do to reduce noise in communication?

1. Understand and describe the communication process.

The basic model of interpersonal communication consists of an encoded message, a decoded message, feedback, and noise. Noise refers to the distortions that inhibit message clarity.

## Glossary

### communicator

The individual, group, or organization that needs or wants to share information with another individual, group, or organization.

### decoding

Interpreting and understanding and making sense of a message.

### encoding

Translating a message into symbols or language that a receiver can understand.

### noise

Anything that interferes with the communication process.

### receiver

The individual, group, or organization for which information is intended.

## **Types of Communications in Organizations**

1. Know the types of communications that occur in organizations.

In the communication model described above, three types of communication can be used by either the communicator in the initial transmission phase or the receiver in the feedback phase. These three types are discussed next.

### **Oral Communication**

This consists of all messages or exchanges of information that are spoken, and it's the most prevalent type of communication.

### **Written Communication**

This includes e-mail, texts, letters, reports, manuals, and annotations on sticky notes. Although managers prefer oral communication for its efficiency and immediacy, the increase in electronic communication is undeniable. As well, some managers prefer written communication for important messages, such as a change in a company policy, where precision of language and

documentation of the message are important.

### Dealing with Information Overload

One of the challenges in many organizations is dealing with a deluge of emails, texts, voicemails, and other communication. Organizations have become flatter, outsourced many functions, and layered technology to speed communication with an integrated communication programs such as Slack, which allows users to manage all their communication and access shared resources in one place. This can lead to information overload, and crucial messages may be drowned out by the volume in your inbox.

Add the practice of “reply to all,” which can add to the volume of communication, that many coworkers use, and that means that you may get five or six versions of an initial e-mail and need to understand all of the responses as well as the initial communication before responding or deciding that the issue is resolved and no response is needed.

Here are suggestions to dealing with e-mail overload upward, horizontally, and downward within your organization and externally to stakeholders and customers.

One way to reduce the volume and the time you spend on e-mail is to turn off the spigot of incoming messages. There are obvious practices that help, such as unsubscribing to e-newsletters or

turning off notifications from social media accounts such as Facebook and Twitter. Also consider whether your colleagues or direct reports are copying you on too many emails as an FYI. If yes, explain that you only need to be updated at certain times or when a final decision is made.

You will also want to set up a system that will organize your inbox into “folders” that will allow you to manage the flow of messages into groups that will allow you to address them appropriately. Your system might look something like this:

1. **Inbox:** Treat this as a holding pen. E-mails shouldn't stay here any longer than it takes for you to file them into another folder. The exception is when you respond immediately and are waiting for an immediate response.
2. **Today:** This is for items that need a response today.
3. **This week:** This is for messages that require a response before the end of the week.
4. **This month/quarter:** This is for everything that needs a longer-term response. Depending on your role, you may need a monthly or quarterly folder.
5. **FYI:** This is for any items that are for information only and that you may want to refer back to in the future.

This system prioritizes e-mails based on timescales rather than the e-mails' senders, enabling you to

better schedule work and set deadlines. Another thing to consider is your outgoing e-mail. If your outgoing messages are not specific, too long, unclear, or are copied too widely, your colleagues are likely to follow the same practice when communicating with you. Keep your communication clear and to the point, and managing your outbox will help make your inbound e-mails manageable.

### **Critical Thinking Questions**

1. How are you managing your e-mails now? Are you mixing personal and school and work-related e-mails in the same account?
2. How would you communicate to a colleague that is sending too many FYI e-mails, sending too many unclear e-mails, or copying too many people on her messages?

Sources: Amy Gallo, Stop Email Overload, *Harvard Business Review*, February 21, 2012, <https://hbr.org/2012/02/stop-email-overload-1>; Barry Chingel, "How to beat email Overload in 2018", *CIPHER*, January 16, 2018, <https://www.ciphr.com/advice/email-overload/>; Monica Seely, "At the Mercy of Your Inbox? How to Cope With Email Overload", *The Guardian*, November 6, 2017, <https://www.theguardian.com/small-business-network/2017/nov/06/at-the-mercy-of-your-inbox-how-to-cope-with-email-overload>.

# Nonverbal Communication

There is also the transformation of information without speaking or writing. Some examples of this are things such as traffic lights and sirens as well as things such as office size and placement, which connote something or someone of importance. As well, things such as body language and facial expression can convey either conscious or unconscious messages to others.

## Body Language at a Meeting

Your body language can send messages during a meeting. (Credit: Amtec Photos/ Flickr/ Attribution 2.0 Generic (CC BY 2.0))





# Major Influences on Interpersonal Communication

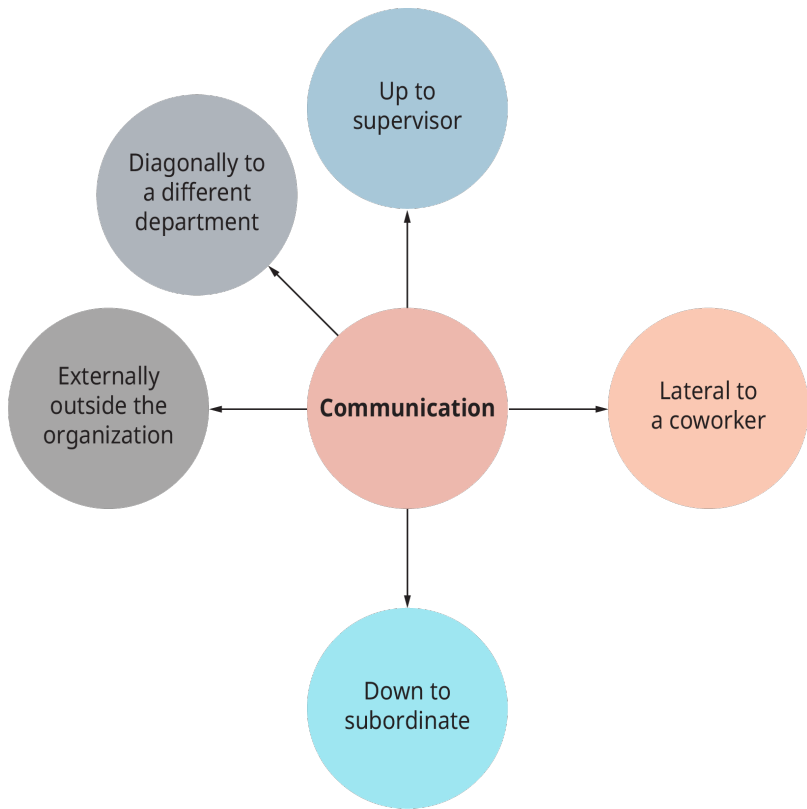
Regardless of the type of communication involved, the nature, direction, and quality of interpersonal communication processes can be influenced by several factors. [F. M. Jablin and Linda L. Putnam, \*The New Handbook of Organizational Communication\*, Sage, 2005.](#)

## Social Influences

Communication is a social process, as it takes at least two people to have a communication episode. There is a variety of social influences that can affect the accuracy of the intended message. For examples, status barriers between employees at different levels of the organization can influence things such as addressing a colleague as at a director level as “Ms. Jones” or a coworker at the same level as “Mike.” Prevailing norms and roles can dictate who speaks to whom and how someone responds. [\[link\]](#) illustrates a variety of communications that illustrate social influences in the workplace.

## Patterns of Managerial Communication

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## Perception

In addition, the communication process is heavily influenced by perceptual processes. The extent to which an employee accurately receives job instructions from a manager may be influenced by her perception of the manager, especially if the job instructions conflict with her interest in the job or if they are controversial. If an employee has stereotyped the manager as incompetent, chances are that little that the manager says will be taken seriously. If the boss is well regarded or seen as

influential in the company, everything that she says may be interpreted as important.

## **Interaction Involvement**

Communication effectiveness can be influenced by the extent to which one or both parties are involved in conversation. This attentiveness is called **interaction attentiveness** or **interaction involvement**. D. L. Worthington and G. D. Bodie, *The Sourcebook of Listening Research: Methodology and Measures*, Wiley, 2018. If the intended receiver of the message is preoccupied with other issues, the effectiveness of the message may be diminished. Interaction involvement consists of three interrelated dimensions: responsiveness, perceptiveness, and attentiveness.

## **Organizational Design**

The communication process can also be influenced by the design of the organization. It has often been argued to decentralize an organization because that will lead to a more participative structure and lead to improved communication in the organization. When messages must travel through multiple levels of an organization, the possibility of distortion can also occur, which would be diminished with more face-to-face communication.

### **Informal Communication in Organizations**

Smart managers understand that not all of a

company's influential relationships appear as part of the organization chart. A web of informal, personal connections exists between workers, and vital information and knowledge pass through this web constantly. Using social media analysis software and other tracking tools, managers can map and quantify the normally invisible relationships that form between employees at all levels of an organization. How might identifying a company's informal organization help managers foster teamwork, motivate employees, and boost productivity? (Credit: Exeter/ flickr/ Attribution 2.0 Generic (CC BY 2.0))



1. What are the three major types of communication?
2. How can you manage the inflow of electronic

communication?

3. What are the major influences on organizational communication, and how can organizational design affect communication?

1. Know the types of communications that occur in organizations.

Interpersonal communication can be oral, written, or nonverbal. Body language refers to conveying messages to others through such techniques as facial expressions, posture, and eye movements.

## **Glossary**

interaction attentiveness/ interaction involvement

A measure of how the receiver of a message is paying close attention and is alert or observant.

## Factors Affecting Communications and the Roles of Managers

1. Understand how power, status, purpose, and interpersonal skills affect communications in organizations.

## The Roles Managers Play

In Mintzberg's seminal study of managers and their jobs, he found the majority of them clustered around three core management roles. [Mintzberg, H. \(1973\). \*The Nature of Managerial Work\*. New York: Harper & Row, p. 31.](#)

### Interpersonal Roles

Managers are required to interact with a substantial number of people during a workweek. They host receptions; take clients and customers to dinner; meet with business prospects and partners; conduct hiring and performance interviews; and form alliances, friendships, and personal relationships with many others. Numerous studies have shown that such relationships are the richest source of information for managers because of their immediate and personal nature. [Ibid, p. 166-167.](#)

Three of a manager's roles arise directly from formal authority and involve basic interpersonal relationships. First is the **figurehead role**. As the head of an organizational unit, every manager must perform some ceremonial duties. In Mintzberg's study, chief executives spent 12% of their contact time on ceremonial duties; 17% of their incoming mail dealt with acknowledgments and requests related to their status. One example is a company president who requested free merchandise for a handicapped schoolchild. [Ibid, p. 167.](#)

Managers are also responsible for the work of the people in their unit, and their actions in this regard are directly related to their role as a leader. The influence of managers is most clearly seen, according to Mintzberg, in the leader role. Formal authority vests them with great potential power. Leadership determines, in large part, how much power they will realize.

Does the leader's role matter? Ask the employees of Chrysler Corporation (now Fiat Chrysler). When Sergio Marchionne, who passed away in 2018, took over the company in the wake of the financial crisis, the once-great auto manufacturer was in bankruptcy, teetering on the verge of extinction. He formed new relationships with the United Auto Workers, reorganized the senior management of the company, and—perhaps, most importantly—convinced the U.S. federal government to guarantee

a series of bank loans that would make the company solvent again. The loan guarantees, the union response, and the reaction of the marketplace, especially for the Jeep brand, were due in large measure to Marchionne's leadership style and personal charisma. More recent examples include the return of Starbucks founder Howard Schultz to reenergize and steer his company and Amazon CEO Jeff Bezos and his ability to innovate during a downturn in the economy. [McGregor, J. \(2008\).](#)

[“Bezos: How Frugality Drives Innovation,”  
\*BusinessWeek\*, April 28, 2008, pp. 64–66.](#)

Popular management literature has had little to say about the liaison role until recently. This role, in which managers establish and maintain contacts outside the vertical chain of command, becomes especially important in view of the finding of virtually every study of managerial work that managers spend as much time with peers and other people outside of their units as they do with their own subordinates. Surprisingly, they spend little time with their own superiors. In Rosemary Stewart's (1967) study, 160 British middle and top managers spent 47% of their time with peers, 41% of their time with people inside their unit, and only 12% of their time with superiors. Guest's (1956) study of U.S. manufacturing supervisors revealed similar findings.

## **Informational Roles**



Managers are required to gather, collate, analyze, store, and disseminate many kinds of information. In doing so, they become information resource centers, often storing huge amounts of information in their own heads, moving quickly from the role of gatherer to the role of disseminator in minutes. Although many business organizations install large, expensive management information systems to perform many of those functions, nothing can match the speed and intuitive power of a well-trained manager's brain for information processing. Not surprisingly, most managers prefer it that way.

As monitors, managers are constantly scanning the environment for information, talking with liaison contacts and subordinates, and receiving unsolicited information, much of it because of their network of personal contacts. A good portion of this information arrives in verbal form, often as gossip, hearsay, and speculation. [Mintzberg, H. \(1990\). "The Manager's Job: Folklore and Fact." \*Harvard Business Review\*, March–April 1990, pp. 166–167.](#)

In the disseminator role, managers pass privileged information directly to subordinates, who might otherwise have no access to it. Managers must decide not only who should receive such information, but how much of it, how often, and in what form. Increasingly, managers are being asked to decide whether subordinates, peers, customers, business partners, and others should have direct

access to information 24 hours a day without having to contact the manager directly.[Ibid.](#)

In the spokesperson role, managers send information to people outside of their organizations: an executive makes a speech to lobby for an organizational cause, or a supervisor suggests a product modification to a supplier. Increasingly, managers are also being asked to deal with representatives of the news media, providing both factual and opinion-based responses that will be printed or broadcast to vast unseen audiences, often directly or with little editing. The risks in such circumstances are enormous, but so too are the potential rewards in terms of brand recognition, public image, and organizational visibility.[Ibid](#)

## **Decisional Roles**

Ultimately, managers are charged with the responsibility of making decisions on behalf of both the organization and the stakeholders with an interest in it. Such decisions are often made under circumstances of high ambiguity and with inadequate information. Often, the other two managerial roles—interpersonal and informational—will assist a manager in making difficult decisions in which outcomes are not clear and interests are often conflicting.

In the role of entrepreneur, managers seek to

improve their businesses, adapt to changing market conditions, and react to opportunities as they present themselves. Managers who take a longer-term view of their responsibilities are among the first to realize that they will need to reinvent themselves, their product and service lines, their marketing strategies, and their ways of doing business as older methods become obsolete and competitors gain advantage.

While the entrepreneur role describes managers who initiate change, the disturbance or crisis handler role depicts managers who must involuntarily react to conditions. Crises can arise because bad managers let circumstances deteriorate or spin out of control, but just as often good managers find themselves in the midst of a crisis that they could not have anticipated but must react to just the same.[H. Mintzberg, \*Mintzberg on Management: Inside our Strange World of Organizations\*, Free Press, 2007.](#)

The third decisional role of resource allocator involves managers making decisions about who gets what, how much, when, and why. Resources, including funding, equipment, human labor, office or production space, and even the boss's time, are all limited, and demand inevitably outstrips supply. Managers must make sensible decisions about such matters while still retaining, motivating, and developing the best of their employees.

The final decisional role is that of negotiator. Managers spend considerable amounts of time in negotiations: over budget allocations, labor and collective bargaining agreements, and other formal dispute resolutions. During a week, managers will often make dozens of decisions that are the result of brief but important negotiations between and among employees, customers and clients, suppliers, and others with whom managers must deal. Mintzberg, H. (1990). "The Manager's Job: Folklore and Fact." *Harvard Business Review*, March–April 1990, pp. 166–167.

1. What are the major roles that managers play in communicating with employees?
2. Why are negotiations often brought in to communications by managers?

1. Understand how power, status, purpose, and interpersonal skills affect communications in organizations.

Interpersonal communication is influenced by social situations, perception, interaction involvement, and organizational design. Organizational

communication can travel upward, downward, or horizontally. Each direction of information flow has specific challenges.

## Glossary

### figurehead role

A necessary **role** for a manager who wants to inspire people within the organization to feel connected to each other and to the institution, to support the policies and decisions made on behalf of the organization, and to work harder for the good of the institution.

# Managerial Communication and Corporate Reputation

1. Describe how corporate reputations are defined by how an organization communicates to its stakeholders.

Management communication is a central discipline in the study of communication and corporate reputation. An understanding of language and its inherent powers, combined with the skill to speak, write, listen, and form interpersonal relationships, will determine whether companies succeed or fail and whether they are rewarded or penalized for their reputations.

At the midpoint of the twentieth century, Peter Drucker wrote, “Managers have to learn to know language, to understand what words are and what they mean. Perhaps most important, they have to acquire respect for language as [our] most precious gift and heritage. The manager must understand the meaning of the old definition of rhetoric as ‘the art which draws men’s hearts to the love of true knowledge.’”[Drucker, P. F. \(1954\). \*The Practice of Management\*. New York: Harper & Row.](#)

Later, Eccles and Nohria reframed Drucker’s view to offer a perspective of management that few others have seen: “To see management in its proper light, managers need first to take language

seriously.”Eccles, R. G. & Noria, N. (1992). *Beyond the Hype: Rediscovering the Essence of Management*. Boston: The Harvard Business School Press, p. 205.

In particular, they argue, a coherent view of management must focus on three issues: the use of rhetoric to achieve a manager’s goals, the shaping of a managerial identity, and taking action to achieve the goals of the organizations that employ us. Above all, they say, “the essence of what management is all about [is] the effective use of language to get things done.”*Ibid*, p. 211. One of the things managers get done is the creation, management, and monitoring of corporate reputation.

The job of becoming a competent, effective manager thus becomes one of understanding language and action. It also involves finding ways to shape how others see and think of *you* in *your* role as a manager. Many noted researchers have examined the important relationship between communication and action within large and complex organizations and conclude that the two are inseparable. Without the right words, used in the right way, it is unlikely that the right reputations develop. “Words do matter,” write Eccles and Nohria. “They matter very much. Without words we have no way of expressing strategic concepts, structural forms, or designs for performance measurement systems.” Language, they conclude, “is too important to managers to be taken for granted or, even worse, abused.”*Ibid*, p. 209.

So, if language is a manager's key to corporate reputation management, the next question is obvious: How good are managers at using language? Managers' ability to act—to hire a talented workforce, to change an organization's reputation, to launch a new product line—depends entirely on how effectively they use management communication, both as a speaker and as a listener. Managers' effectiveness as a speaker and writer will determine how well they are able to manage the firm's reputation. And their effectiveness as listeners will determine how well they understand and respond to others and can change the organization in response to their feedback.

We will now examine the role management communication plays in corporate reputation formation, management, and change and the position occupied by rhetoric in the life of business organizations. Though, this chapter will focus on the skills, abilities, and competencies for using language, attempting to influence others, and responding to the requirements of peers, superiors, stakeholders, and the organization in which managers and employees work.

Management communication is about the movement of information and the skills that facilitate it—speaking, writing, listening, and processes of critical thinking. It's also about understanding who your organization is (identity), who others think your



organization is (reputation), and the contributions individuals can make to the success of their business considering their organization's existing reputation. It is also about confidence—the knowledge that one can speak and write well, listen with great skill as others speak, and both seek out and provide the feedback essential to creating, managing, or changing their organization's reputation.

At the heart of this chapter, though, is the notion that communication, in many ways, is the work of managers. We will now examine the roles of writing and speaking in the role of management, as well as other specific applications and challenges managers face as they play their role in the creation, maintenance, and change of corporate reputation.

1. How are corporate reputations affected by the communication of managers and public statements?
2. Why is corporate reputation important?

1. Describe how corporate reputations are defined by how an organization communicates to all of its stakeholders.

It is important for managers to understand what your organization stands for (identity), what others think your organization is (reputation), and the contributions individuals can make to the success of the business considering their organization's existing reputation. It is also about confidence—the knowledge that one can speak and write well, listen with great skill as others speak, and both seek out and provide the feedback essential to creating, managing, or changing their organization's reputation.

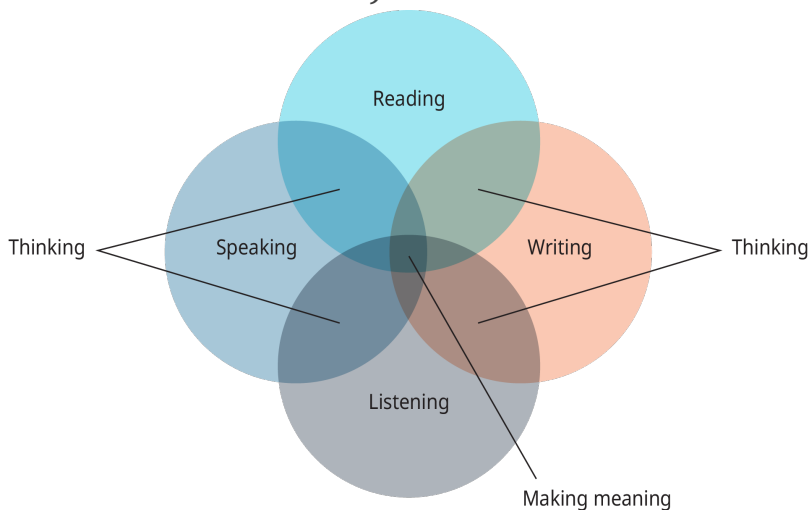
## The Major Channels of Management Communication Are Talking, Listening, Reading, and Writing

1. Know why talking, listening, reading, and writing are vital to managing effectively.

The major channels of managerial communication displayed in [\[link\]](#) are talking, listening, reading, and writing. Among these, talking is the predominant method of communicating, but as e-mail and texting increase, reading and writing are increasing. Managers across industries, according to Deirdre Borden, spend about 75% of their time in verbal interaction. Those daily interactions include the following.

### Reading, Writing, Speaking, and Listening: How They Help in Creating Meaning

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## **One-on-One Conversations**

Increasingly, managers find that information is passed orally, often face-to-face in offices, hallways, conference rooms, cafeterias, restrooms, athletic facilities, parking lots, and literally dozens of other venues. An enormous amount of information is exchanged, validated, confirmed, and passed back and forth under highly informal circumstances.

## **Telephone Conversations**

Managers spend an astounding amount of time on the telephone these days. Curiously, the amount of time per telephone call is decreasing, but the number of calls per day is increasing. With the nearly universal availability of cellular and satellite telephone service, very few people are out of reach of the office for very long. The decision to switch off a cellular telephone, in fact, is now considered a decision in favor of work-life balance.

## **Video Teleconferencing**

Bridging time zones as well as cultures, videoconferencing facilities make direct

conversations with employees, colleagues, customers, and business partners across the nation or around the world a simple matter. Carrier Corporation, the air-conditioning manufacturer, is now typical of firms using desktop videoconferencing to conduct everything from staff meetings to technical training. Engineers at Carrier's Farmington, Connecticut, headquarters can hook up with service managers in branch offices thousands of miles away to explain new product developments, demonstrate repair techniques, and update field staff on matters that would, just recently, have required extensive travel or expensive, broadcast-quality television programming. Their exchanges are informal, conversational, and not much different than they would be if the people were in the same room. Ziegler, B. (1994). "Video Conference Calls Change Business," *Wall Street Journal*, October 13, 1994, pp. B1, B12.

## **Presentations to Small Groups**

Managers frequently find themselves making presentations, formal and informal, to groups of three to eight people for many different reasons: they pass along information given to them by executives, they review the status of projects in process, and they explain changes in everything from working schedules to organizational goals. Such presentations are sometimes supported by

overhead transparencies or printed outlines, but they are oral in nature and retain much of the conversational character of one-to-one conversations.

## **Public Speaking to Larger Audiences**

Most managers are unable to escape the periodic requirement to speak to larger audiences of several dozen or, perhaps, several hundred people. Such presentations are usually more formal in structure and are often supported by PowerPoint or Prezi software that can deliver data from text files, graphics, photos, and even motion clips from streaming video. Despite the more formal atmosphere and sophisticated audio-visual support systems, such presentations still involve one manager talking to others, framing, shaping, and passing information to an audience.

A series of scientific studies, beginning with Rankin, Nichols and Stevens, and Wolvin and Coakley, confirm: most managers spend the largest portion of their day talking and listening. Rankin, P. T. (1952). *The Measurement of the Ability to Understand Spoken Language*. (unpublished Ph.D. dissertation, University of Michigan, 1926). Dissertation Abstracts 12, No. 6 (1952), pp. 847–848; Nichols, R. G. & Stevens, L. (1957). *Are You Listening?* New York: McGraw-Hill; and Wolvin, A. D. & Coakley, C.

G. (1982). *Listening*. Dubuque, IA: Wm. C. Brown and Co.; and Werner, E. K. (1975). *A Study of Communication Time*. (M.S. thesis, University of Maryland, College Park) Werner's thesis, in fact, found that North American adults spend more than 78% of their communication time either talking or listening to others who are talking.

According to Werner and others who study the communication habits of postmodern business organizations, managers are involved in more than just speeches and presentations from the dais or teleconference podium. They spend their days in meetings, on the telephone, conducting interviews, giving tours, supervising informal visits to their facilities, and at a wide variety of social events. Kotter, J. P. (1999). "What Effective General Managers Really Do," *Harvard Business Review*, March–April 1999, pp. 145–159

### Public speaking

Public speaking is often a terrifying but crucial skill for managers. (Credit: Mike Mozart/ flickr/ Attribution 2.0 Generic (CC BY 2.0))



Each of these activities may look to some managers like an obligation imposed by the job. Shrewd managers see them as opportunities to hear what others are thinking, to gather information informally from the grapevine, to listen in on office gossip, to pass along viewpoints that haven't yet made their way to the more formal channels of communication, or to catch up with a colleague or friend in a more relaxed setting. No matter what the intention of each manager who engages in these activities, the information they produce and the insight that follows from them can be put to work the same day to achieve organizational and personal objectives. "To understand why effective managers behave as they do," writes Kotter, "it is essential first to recognize two fundamental challenges and dilemmas found in most of their jobs." Managers must first figure out what to do, despite an enormous amount of potentially relevant information (along with much that is not), and then they must get things done "through a large and diverse group of people despite having little direct control over most of them." Berger, P. L. & Luckmann, T. (1966). *The Social Construction of Reality*. New York: Doubleday; and Searle, J. R. (1967). *The Construction of Social Reality*. New York: The Free Press, 1995.

## The Role of Writing



Writing plays an important role in the life of any organization. In some organizations, it becomes more important than in others. At Procter & Gamble, for example, brand managers cannot raise a work-related issue in a team meeting unless the ideas are first circulated in writing. For P&G managers, this approach means explaining their ideas in explicit detail in a standard one-to-three-page memo, complete with background, financial discussion, implementation details, and justification for the ideas proposed.

Other organizations are more oral in their traditions—3M Canada is a “spoken” organization—but the fact remains: the most important projects, decisions, and ideas end up in writing. Writing also provides analysis, justification, documentation, and analytic discipline, particularly as managers approach important decisions that will affect the profitability and strategic direction of the company.

Writing is a career sifter. If managers demonstrate their inability to put ideas on paper in a clear, unambiguous fashion, they’re not likely to last. Stories of bad writers who’ve been shown the door early in their careers are legion. Managers’ principal objective, at least during the first few years of their career, is to keep their name out of such stories. Remember: those who are most likely to notice the quality and skill in managers’ written documents are the very people most likely to matter to managers’

future.

Managers do most of their own writing and editing. The days when managers could lean back and thoughtfully dictate a letter or memo to a skilled secretarial assistant are mostly gone. Some senior executives know how efficient dictation can be, especially with a top-notch administrative assistant taking shorthand, but how many managers have that advantage today? Very few, mostly because buying a computer and printer is substantially cheaper than hiring another employee. Managers at all levels of most organizations draft, review, edit, and dispatch their own correspondence, reports, and proposals.

Documents take on lives of their own. Once it's gone from the manager's desk, it isn't theirs anymore. When they sign a letter and put it in the mail, it's no longer their letter—it's the property of the person or organization it was sent to. As a result, the recipient is free to do as she sees fit with the writing, including using it against the sender. If the ideas are ill-considered or not well expressed, others in the organization who are not especially sympathetic to the manager's views may head for the copy machine with the manager's work in hand. The advice for managers is simple: do not mail the first draft, and do not ever sign your name to a document you are not proud of.

# Communication Is Invention

Without question, communication is a process of invention. Managers literally create meaning through communication. A company, for example, is not in default until a team of auditors sits down to examine the books and review the matter. Only after extended discussion do the accountants conclude that the company is, in fact, in default. It is their discussion that creates the outcome. Until that point, default was simply one of many possibilities.

The fact is managers create meaning through communication. It is largely through discussion and verbal exchange—often heated and passionate—that managers decide who they wish to be: market leaders, takeover artists, innovators, or defenders of the economy. It is only through communication that meaning is created for shareholders, employees, customers, and others. Those long, detailed, and intense discussions determine how much the company will declare in dividends this year, whether the company is willing to risk a strike or labor action, and how soon to roll out the new product line customers are asking for. Additionally, it is important to note that managers usually figure things out by talking about them as much as they talk about the things they have already figured out. Talk serves as a wonderful palliative: justifying, analyzing, dissecting, reassuring, and analyzing the

events that confront managers each day.

## Information Is Socially Constructed

If we are to understand just how important human discourse is in the life of a business, several points seem especially important.

Information is created, shared, and interpreted by people. Meaning is a truly human phenomenon. An issue is only important if people think it is. Facts are facts only if we can agree upon their definition.

Perceptions and assumptions are as important as truth itself in a discussion about what a manager should do next.

Larkin, T. J. & Larkin, S. (1994). *Communicating Change: Winning Employee Support for New Business Goals*. New York: McGraw-Hill.

Information never speaks for itself. It is not uncommon for a manager to rise to address a group of her colleagues and say, “The numbers speak for themselves.” Frankly, the numbers never speak for themselves. They almost always require some sort of interpretation, some sort of explanation or context. Do not assume that others see the facts in the same way managers do, and never assume that what is seen is the truth. Others may see the same set of facts or evidence but may not reach the same conclusions. Few things in life are self-explanatory.

Context always drives meaning. The backdrop to a

message is always of paramount importance to the listener, viewer, or reader in reaching a reasonable, rational conclusion about what she sees and hears. What's in the news these days as we take up this subject? What moment in history do we occupy? What related or relevant information is under consideration as this new message arrives? We cannot possibly derive meaning from one message without considering everything else that surrounds it.

A messenger always accompanies a message. It is difficult to separate a message from its messenger. We often want to react more to the source of the information than we do to the information itself. That's natural and entirely normal. People speak for a reason, and we often judge their reasons for speaking before analyzing what they have to say. Keep in mind that, in every organization, message recipients will judge the value, power, purpose, intent, and outcomes of the messages they receive by the source of those messages as much as by the content and intent of the messages themselves. If the messages managers send are to have the impact hoped for, they must come from a source the receiver knows, respects, and understands.

## **Managers' Greatest Challenge**

Every manager knows communication is vital, but

every manager also seems to “know” that she is great at it. Managers’ greatest challenge is to admit to flaws in their skill set and work tirelessly to improve them. First, managers must admit to the flaws.

Larkin and Larkin write, “Deep down, managers believe they are communicating effectively. In ten years of management consulting, we have never had a manager say to us that he or she was a poor communicator. They admit to the occasional screw-up, but overall, everyone, without exception, believes he or she is basically a good communicator.”[Ibid.](#)

## **Managers’ Task as Professionals**

As a professional manager, the first task is to recognize and understand one’s strengths and weaknesses as a communicator. Until these communication tasks at which one is most and least skilled are identified, there will be little opportunity for improvement and advancement.

Foremost among managers’ goals should be to improve existing skills. Improve one’s ability to do what is done best. Be alert to opportunities, however, to develop new skills. Managers should add to their inventory of abilities to keep themselves employable and promotable.

Two other suggestions come to mind for improving managers' professional standing. First, acquire a knowledge base that will work for the years ahead. That means speaking with and listening to other professionals in their company, industry, and community. They should be alert to trends that could affect their company's products and services, as well as their own future.

It also means reading. Managers should read at least one national newspaper each day, including the *Wall Street Journal*, the *New York Times*, or the *Financial Times*, as well as a local newspaper. Their reading should include weekly news magazines, such as *U.S. News & World Report*, *Bloomberg's Business Week*, and the *Economist*. Subscribe to monthly magazines such as *Fast Company* and *Fortune*. And they should read at least one new hardcover title a month. A dozen books each year is the bare minimum on which one should depend for new ideas, insights, and managerial guidance.

Managers' final challenge is to develop the confidence needed to succeed as a manager, particularly under conditions of uncertainty, change, and challenge.

## Disney and H-1B Visas

On January 30, 2015, The Walt Disney Company

laid off 250 of its IT workers. In a letter to the laid-off workers, Disney outlined the conditions for receipt of a “stay bonus,” which would entitle each worker to a lump-sum payment of 10% of her annual salary.

Of course, there was a catch. Only those workers who trained their replacements over a 90-day period would receive the bonus. One American worker in his 40s who agreed to Disney’s severance terms explained how it worked in action:

“The first 30 days was all capturing what I did. The next 30 days, they worked side by side with me, and the last 30 days, they took over my job completely. I had to make sure they were doing my job correctly.”

To outside observers, this added insult to injury. It was bad enough to replace U.S. workers with cheaper, foreign labor. But to ask, let alone strong-arm, the laid-off workers into training their replacements seemed a bit much.

However unfortunate, layoffs are commonplace. But this was different. From the timing to the apparent neglect of employee pride, the sequence of events struck a nerve. For many, the issue was simple, and Disney’s actions seemed wrong at a visceral level. As criticism mounted, it became



clear that this story would develop legs. Disney had a problem.

For David Powers and Leo Perrero, each a 10-year information technology (IT) veteran at Disney, the invitation came from a vice president of the company. It had to be good news, the men thought. After all, they were not far removed from strong performance reviews—perhaps they would be awarded performance bonuses. Well, not exactly. Leo Perrero, one of the summoned workers, explains what happened next.

“I’m in the room with about two-dozen people, and very shortly thereafter an executive delivers the news that all of our jobs are ending in 90 days, and that we have 90 days to train our replacements or we won’t get a bonus that we’ve been offered.”

Powers explained the deflating effect of the news: “When a guillotine falls down on you, in that moment you're dead . . . and I was dead.”

These layoffs and the hiring of foreign workers under the H-1B program lay at the center of this issue. Initially introduced by the Immigration and Nationality Act of 1965, subsequent modifications produced the current iteration of the H-1B visa program in 1990. Importantly, at that time, the United States faced a shortage of skilled workers necessary to fill highly technical jobs. Enter the H-1B visa program as the solution. This program permits U.S. employers to temporarily employ foreign workers in highly specialized occupations. “Specialty occupations” are defined as those in the

fields of architecture, engineering, mathematics, science, medicine, and others that require technical and skilled expertise.

Congress limited the number of H-1B visas issued to 85,000 per year. That total is divided into two subcategories: “65,000 new H-1B visas issued for overseas workers in professional or specialty occupation positions, and an additional 20,000 visas available for those with an advanced degree from a U.S. academic institution.” Further, foreign workers are not able to apply for an H-1B visa. Instead, a U.S. employer must petition on their behalf no earlier than six months before the starting date of employment.

In order to be eligible for an employer to apply a foreign worker for an H-1B visa, the worker needed to meet certain requirements, such as an employee-employer relationship with the petitioning U.S. employer and a position in a specialty occupation related to the employee’s field of study, where the employee must meet one of the following criteria: a bachelor’s degree or the foreign equivalent of a bachelor’s degree, a degree that is standard for the position, or previous qualified experience within the specialty occupation.

If approved, the initial term of the visa is three years, which may be extended an additional three years. While residing in the United States on an H-1B visa, a worker may apply to become a permanent resident and receive a green card, which would entitle the worker to remain

indefinitely.

U.S. employers are required to file a Labor Condition Application (LCA) on behalf of each foreign worker they seek to employ. That application must be approved by the U.S. Department of Labor. The LCA requires the employer to assure that the foreign worker will be paid a wage and be provided working conditions and benefits that meet or exceed the local prevailing market and to assure that the foreign worker will not displace a U.S. worker in the employer's workforce.

Given these representations, U.S. employers have increasingly been criticized for abuse of the H-1B program. Most significantly, there is rising sentiment that U.S. employers are displacing domestic workers in favor of cheaper foreign labor. Research indicates that a U.S. worker's salary for these specialty occupations often exceeds \$100,000, while that of a foreign worker is roughly \$62,000 for the very same job. The latter figure is telling, since \$60,000 is the threshold below which a salary would trigger a penalty.

Disney faced huge backlash and negative press because of the layoffs and hiring of foreign workers. Because of this, Disney had communication challenges, both internally and externally.

Disney executives framed the layoffs as part of a larger plan of reorganization intended to enable its IT division to focus on driving innovation. Walt

Disney World spokesperson Jacquee Wahler gave the following explanation:

“We have restructured our global technology organization *to significantly increase our cast member focus on future innovation and new capabilities*, and are continuing to work with leading technical firms to maintain our existing systems as needed.” (Italics added for emphasis.)

That statement is consistent with a leaked memo drafted by Disney Parks and Resort CIO Tilak Mandadi, which he sent to select employees on November 10, 2014 (not including those who would be laid off), to explain the rationale for the impending layoffs. The memo read, in part, as follows:

“To enable a majority of our team to *shift focus to new capabilities*, we have executed five new managed services agreements to support testing services and application maintenance. Last week, we began working with both our internal subject matter experts and the suppliers to start transition planning for

these agreements. We expect knowledge transfer to start later this month and last through January. Those Cast Members who are involved will be contacted in the next several weeks.”

Responding to the critical *New York Times* article, Disney represented that when all was said and done, the company had in fact produced a net jobs increase. According to Disney spokesperson Kim Prunty:

“Disney has created almost 30,000 new jobs in the U.S. over the past decade, and the recent changes to our parks’ IT team resulted in a larger organization with 70 additional in-house positions in the U.S. External support firms are responsible for complying with all applicable employment laws for their employees.”

New jobs were promised due to the restructuring, Disney officials said, and employees targeted for termination were pushed to apply for those positions. According to a confidential Disney source, of the approximately 250 laid-off

employees, 120 found new jobs within Disney, 40 took early retirement, and 90 were unable to secure new jobs with Disney.

On June 11, 2015, Senator Richard Durbin of Illinois and Senator Jeffrey Sessions of Alabama released a statement regarding a bipartisan letter issued to the attorney general, the Department of Homeland Security, and the Department of Labor.

“A number of U.S. employers, including some large, well-known, publicly-traded corporations, have laid off thousands of American workers and replaced them with H-1B visa holders . . . . To add insult to injury, many of the replaced American employees report that they have been forced to train the foreign workers who are taking their jobs. That’s just plain wrong and we’ll continue to press the Administration to help solve this problem.”

In response to request for comment on the communications issues raised by the Disney layoffs and aftermath, *New York Times* columnist Julia Preston shared the following exclusive analysis:

“I would say Disney’s handling of those

lay-offs is a case study in how not to do things. But in the end it's not about the communications, it's about the company. Those layoffs showed a company that was not living up to its core vaunted family values and no amount of shouting by their communications folks could change the facts of what happened."

## Questions for Discussion

1. Is it ethical for U.S. companies to lay off workers and hire foreign workers under the H-1B program? Should foreign countries restrict the hiring of foreign workers that meet their workforce requirements?
2. Discuss the internal and external communications that Disney employed in this situation. The examples here are of the formal written communications. What should Disney have been communicating verbally to their employees and externally?

Sources: Preston, Julia, *Pink Slips at Disney. But First, Training Foreign Replacements*, The New York Times June 3, 2015, <http://www.nytimes.com/2015/06/04/us/last-task-after-layoff-at-disney-train-foreign-replacements.html>; Vargas, Rebecca, *EXCLUSIVE: Former Employees*

*Speak Out About Disney's Outsourcing of High-Tech Jobs*, WWSB ABC 7 (Oct. 28, 2015), [http://www.mysuncoast.com/news/local/exclusive-former-employees-speak-out-about-disney-s-outsourcing-of/article\\_d8867148-7d8c-11e5-ae40-fb05081380c1.html](http://www.mysuncoast.com/news/local/exclusive-former-employees-speak-out-about-disney-s-outsourcing-of/article_d8867148-7d8c-11e5-ae40-fb05081380c1.html); Boyle, Mathew, *Ahead of GOP Debate, Two Ex-Disney Workers Displaced by H1B Foreigners Speak Out for First Time*, Breitbart.com, October 28, 2015, <http://www.breitbart.com/big-government/2015/10/28/ahead-of-gop-debate-two-ex-disney-workers-displaced-by-h1b-foreigners-speak-out-for-first-time>; Sandra Pedicini, *Tech Workers File Lawsuits Against Disney Over H-1B Visas*, *Orlando Sentinel*, published January 25, 2016, accessed February 6, 2016, available at <http://www.orlandosentinel.com/business/os-disney-h1b-visa-lawsuit-20160125-story.html>; U.S. Citizenship and Immigration Services, *Understanding H-1B Requirements*, accessed February 6, 2016, available at <https://www.uscis.gov/eir/visa-guide/h-1b-specialty-occupation/understanding-h-1b-requirements>; May, Caroline, *Sessions, Durbin: Department Of Labor Has Launched Investigation Into H-1B Abuses*, Breitbart.com (June 11, 2015), <http://www.breitbart.com/big-government/2015/06/11/sessions-durbin-department-of-labor-has-launched-investigation-into-h-1b-abuses/>; Email from Julia Preston, National Immigration Correspondent, The New York Times, to Bryan Shannon, co-author of this case study, dated February 10, 2016.



1. What are the four components of communication discussed in this section?
2. Why is it important to understand your limitations in communicating to others and in larger groups?
3. Why should managers always strive to improve their skills?

1. Describe the roles that managers perform in organizations.

There are special communication roles that can be identified. Managers may serve as gatekeepers, liaisons, or opinion leaders. They can also assume some combination of these roles. It is important to recognize that communication processes involve people in different functions and that all functions need to operate effectively to achieve organizational objectives.

## **Chapter Review Questions**

1. Describe the communication process.
2. Why is feedback a critical part of the communication process?
3. What are some things that managers can do to

- reduce noise in communication?
4. Compare and contrast the three primary forms of interpersonal communication.
  5. Describe the various individual communication roles in organizations.
  6. How can managers better manage their effectiveness by managing e-mail communication?
  7. Which communication roles are most important in facilitating managerial effectiveness?
  8. Identify barriers to effective communication.
  9. How can barriers to effective communication be overcome by managers?

## **Managerial Skills Application Exercises**

1. The e-mails below are not written as clearly or concisely as they could be. In addition, they may have problems in organization or tone or mechanical errors. Rewrite them so they are appropriate for the audience and their purpose. Correct grammatical and mechanical errors. Finally, add a subject line to each.

### **E-Mail 1**

To: Employees of The Enormously  
Successful Corporation

From: CEO of The Enormously  
Successful Corporation

Subject:

Stop bringing bottled soft drinks, juices and plastic straws to work. Its an environment problem that increases our waste and the quality of our water is great. People don't realize how much wasted energy goes into shipping all that stuff around, and plastic bottles, aluminum cans and straws are ruining our oceans and filling land fills. Have you seen the floating island of waste in the Pacific Ocean? Some of this stuff comes from other countries like Canada Dry I think is from canada and we are taking there water and Canadians will be thirsty. Fancy drinks isn't as good as the water we have and tastes better anyway.

## **E-Mail 2**

To: All Employees

From: Management

Subject:

Our Committee to Improve Inter-Office Communication has decided that there needs to be an update and revision of our policy on emailing messages to and from those who work with us as employees of this company. The following are the results of the committee's decisions, and constitute recommendations for the improvement of every aspect of email communication.

1. Too much wordiness means people have to read the same thing over and over repeatedly, time after time. Eliminating unnecessary words, emails can be made to be shorter and more to the point, making them concise and taking less time to read.
2. You are only allowed to send and receive messages between 8:30AM east coast time and 4:30PM east coast time. You are also not allowed to read e-mails outside of these times. We know that for those of you on the west coast or travelling internationally it will reduce the time that you are allowed to attend to e-mail, but we need this to get it under control.
3. You are only allowed to have up to

3 recipients on each e-mail. If more people need to be informed it is up to the people to inform them.

1. Write a self-evaluation that focuses specifically on your class participation in this course. Making comments during class allows you to improve your ability to speak extemporaneously, which is exactly what you will have to do in all kinds of business situations (e.g., meetings, asking questions at presentations, one-on-one conversations). Thus, write a short memo (two or three paragraphs) in which you describe the frequency with which you make comments in class, the nature of those comments, and what is easy and difficult for you when it comes to speaking up in class.

If you have made few (or no) comments during class, this is a time for us to come up with a plan to help you overcome your shyness. Our experience is that as soon as a person talks in front of a group once or twice, it becomes much easier—so we need to come up with a way to help you break the ice.

Finally, please comment on what you see as the strengths and weaknesses of your discussions and presentations in this class.

2. Refer to the photo in [\[link\]](#) . Comment on the body language exhibited by each person at the meeting and how engaged they are in the communication.
3. In the movie *The Martian*, astronaut Mark Watney (played by Matt Damon) is stranded on Mars with limited ability to communicate with mission control. Watney holds up questions to a camera that can transmit photographs of his questions, and mission control could respond by pointing the camera at a “yes” or “no” card with the camera. Eventually, they are able to exchange “text” messages but no voice exchanges. Also, there is a significant time delay between the sending and receipt of the messages. Which part of the communication process would have to be addressed to ensure that the encoding of the messages, the decoding of the messages, and that noise is minimized by Watney and mission control?

## **Managerial Decision Exercises**

1. Ginni Rometty is the CEO of IBM. Shortly after taking on the role of CEO and being frustrated by the progress and sales performance, Rometty released a five-minute video to all 400,000 plus IBM employees criticizing the lack of securing

deals to competitors and lashed out at the sales organization for poor sales in the preceding quarter. Six months later, Rometty sent another critical message, this time via e-mail. How effective will the video and e-mail be in communicating with employees? How should she follow up to these messages?

2. Social media, such as Facebook, is now widespread. Place yourself as a manager that has just received a “friend” request from one of your direct reports. Do you accept, reject, or ignore the request? Why, and what additional communication would you have regarding this with the employee?
3. During a cross-functional meeting, one of the attendees who reports to a manager who is also at the meeting accuses one of your reports of not being fit for the position she is in. You disagree and feel that your report is a good fit for her role. How do you handle this?

## **Critical Thinking Case**

### **Facebook, Inc.**

Facebook has been in the news with criticism of its privacy policies, sharing customer information with Fusion GPS, and criticism regarding the attempts to

influence the 2016 election. In March 2014, Facebook released a study entitled “Experimental evidence of massive-scale emotional contagion through social networks.” It was published in the *Proceedings of the National Academy of Sciences (PNAS)*, a prestigious, peer-reviewed scientific journal. The paper explains how social media can readily transfer emotional states from person to person through Facebook’s News Feed platform. Facebook conducted an experiment on members to see how people would respond to changes in a percentage of both positive and negative posts. The results suggest that emotional contagion does occur online and that users’ positive expressions can generate positive reaction, while, in turn, negative expression can generate negative reaction.

Facebook has two separate value propositions aimed at two different markets with entirely different goals.

Originally, Facebook’s main market was its end users—people looking to connect with family and friends. At first, it was aimed only at college students at a handful of elite schools. The site is now open to anyone with an Internet connection. Users can share status updates and photographs with friends and family. And all of this comes at no cost to the users.

Facebook’s other major market is advertisers, who



buy information about Facebook's users. The company regularly gathers data about page views and browsing behavior of users in order to display targeted advertisements to users for the benefit of its advertising partners.

The value proposition of the Facebook News Feed experiment was to determine whether emotional manipulation would be possible through the use of social networks. This clearly could be of great value to one of Facebook's target audiences—its advertisers.


The results suggest that the emotions of friends on social networks influence our own emotions, thereby demonstrating emotional contagion via social networks. Emotional contagion is the tendency to feel and express emotions similar to and influenced by those of others. Originally, it was studied by psychologists as the transference of emotions between two people.

According to Sandra Collins, a social psychologist and University of Notre Dame professor of management, it is clearly unethical to conduct psychological experiments without the informed consent of the test subjects. While tests do not always measure what the people conducting the tests claim, the subjects need to at least know that they are, indeed, part of a test. The subjects of this test on Facebook were not explicitly informed that

they were participating in an emotional contagion experiment. Facebook did not obtain informed consent as it is generally defined by researchers, nor did it allow participants to opt out.

When information about the experiment was released, the media response was overwhelmingly critical. Tech blogs, newspapers, and media reports reacted quickly.

Josh Constone of TechCrunch wrote:



“ . . . there is some material danger to experiments that depress people. Some people who are at risk of depression were almost surely part of Facebook’s study group that were shown a more depressing feed, which could be considered dangerous. Facebook will endure a whole new level of backlash if any of those participants were found to have committed suicide or had other depression-related outcomes after the study.”

The *New York Times* quoted Brian Blau, a technology analyst with the research firm Gartner, “Facebook didn’t do anything illegal, but they didn’t do right by their customers. Doing psychological testing on

people crosses the line.” Facebook should have informed its users, he said. “They keep on pushing the boundaries, and this is one of the reasons people are upset.”

While some of the researchers have since expressed some regret about the experiment, Facebook as a company was unapologetic about the experiment. The company maintained that it received consent from its users through its terms of service. A Facebook spokesperson defended the research, saying, “We do research to improve our services and make the content people see on Facebook as relevant and engaging as possible. . . . We carefully consider what research we do and have a strong internal review process.”

With the more recent events, Facebook is changing the privacy settings but still collects an enormous amount of information about its users and can use that information to manipulate what users see. Additionally, these items are not listed on Facebook’s main terms of service page. Users must click on a link inside a different set of terms to arrive at the data policy page, making these terms onerous to find. This positioning raises questions about how Facebook will employ its users’ behaviors in the future.

### **Critical Thinking Questions**

1. How should Facebook respond to the 2014

research situation? How could an earlier response have helped the company avoid the 2018 controversies and keep the trust of its users?

2. Should the company promise to never again conduct a survey of this sort? Should it go even further and explicitly ban research intended to manipulate the responses of its users?
3. How can Facebook balance the concerns of its users with the necessity of generating revenue through advertising?
4. What processes or structures should Facebook establish to make sure it does not encounter these issues again?
5. Respond in writing to the issues presented in this case by preparing two documents: a communication strategy memo and a professional business letter to advertisers.

Sources: Kramer, Adam; Guillory, Jamie; and Hancock, Jeffrey, "Experimental evidence of massive scale emotional contagion through social networks," *PNAS (Proceedings of the National Academy of Sciences of the United States of America)*. March 25, 2014 <http://www.pnas.org/content/111/24/8788.full>; Laja, Peep. "Useful Value Proposition Examples (and How to Create a Good One)," *ConversionXL*, 2015 <http://conversionxl.com/value-proposition-examples-how-to-create/>; Yadav, Sid. "Facebook - The Complete Biography," Mashable, Aug. 25, 2006. <http://>

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## Introduction

class = "introduction" (Credit: Tambako the Jaguar/  
flickr/ Attribution 2.0 Generic (CC BY 2.0))



## Learning Outcomes

**After reading this chapter, you should be able to answer these questions:**

1. What is the nature of leadership and the leadership process?
2. What are the processes associated with people coming to leadership positions?
3. How do leaders influence and move their followers to action?
4. What are the trait perspectives on leadership?
5. What are the behavioral perspectives on leadership?
6. What are the situational perspectives on leadership?
7. What does the concept “substitute for leadership” mean?

8. What are the characteristics of transactional, transformational, and charismatic leadership?
9. How do different approaches and styles of leadership impact what is needed now?

### John Arroyo: Springfield Sea Lions

John Arroyo is thrilled with his new position as general manager of the Springfield Sea Lions, a minor league baseball team in. Arroyo has been a baseball fan all of his life, and now his diligent work and his degree in sports management are paying off.

Arroyo knew he had a hard act to follow. The general manager whom John replaced, “T.J.” Grevin, was a much-loved old-timer who had been with the Sea Lions since their inception 14 years ago. John knew it would be difficult for whoever followed T.J., but he didn’t realize how ostracized and powerless he would feel. He tried a pep talk: “I’m the general manager—the CEO of this ball club! In time, the staff *will* respect me.” [Not a very good pep talk!]

After his first season ends, Arroyo is discouraged. Ticket and concession sales are down, and some long-time employees are rumored to be thinking about leaving. If John doesn’t turn things around, he knows his tenure with the Sea Lions will be short.

**Questions:** Is John correct in assuming that the

staff will learn to respect him in time? What can John do to earn the loyalty of his staff and improve the ball club's performance?

**Outcomes:** During the winter, John thinks long and hard about how he can earn the respect of the Sea Lions staff. Before the next season opener, John announces his plan: "So I can better understand what your day is like, I'm going to spend one day in each of your shoes. I'm trading places with each of you. I will be a ticket taker, a roving hot dog vendor, and a janitor. And I will be a marketer, and an accountant—for a day. You in turn will have the day off so you can enjoy the game from the general manager's box." The staff laughs and whistles appreciatively. Then the Springfield mascot, Sparky the Sea Lion, speaks up: "Hey Mr. Arroyo, are you going to spend a day in my flippers?" "You bet!" says John, laughing. The entire staff cheers.

John continues. "At the close of the season, we will honor a staff member with the T.J. Grevin Award for outstanding contributions to the Sea Lions organization. T.J. was such a great guy, it's only right that we honor him." The meeting ends, but John's staff linger to tell him how excited they are about his ideas. Amidst the handshakes, he hopes that this year may be the best year yet for the Sea Lions.

Sarah Elizabeth Roisland is the manager of a district claims office for a large insurance company. Fourteen people work for her. The results of a recent attitude survey indicate that her



employees have extremely high job satisfaction and motivation. Conflict is rare in Sarah's office.

Furthermore, productivity measures place her group among the most productive in the entire company. Her success has brought the company's vice president of human resources to her office in an attempt to discover the secret to her success.

Sarah's peers, superiors, and workers all give the same answer: she is more than a good manager—she is an outstanding leader. She continually gets high performance from her employees and does so in such a way that they enjoy working for her.

There is no magic formula for becoming a good leader. There are, however, many identifiable reasons why some people are better and more effective leaders. Leaders, especially effective leaders, are not created by simply attending a one-day leadership workshop. Yet effective leadership skills are not something most people are born with. You can become an effective leader if you are willing to invest the time and energy to develop all of the “right stuff.”

According to Louise Axon, director of content strategy, and her colleagues at Harvard Business Publishing, in seeking management talent, *leadership* is an urgently needed quality in all managerial roles. Louise Axon, Elisa Friedman, and Kathy Jordan. 2015 (July). *Leading Now: Critical Capabilities for a Complex World*. Harvard Business Publishing, (Accessed July 25, 2017) <http://www.harvardbusiness.org/leading-now-critical->

capabilities-complex-world. Good leaders and good leadership are rare. Harvard management professor John P. Kotter notes that “there is a leadership crisis in the U.S. today,” K. Labich. 1988 (Oct. 24). The seven keys to business leadership. *Fortune*, 58. and the late USC Professor Warren Bennis states that many of our organizations are overmanaged and underled. W. Bennis. 1989. *Why leaders can't lead*. San Francisco: Jossey-Bass.

# The Nature of Leadership

## 1. What is the nature of leadership and the leadership process?

The many definitions of leadership each have a different emphasis. Some definitions consider leadership an act or behavior, such as initiating structure so group members know how to complete a task. Others consider a leader to be the center or nucleus of group activity, an instrument of goal achievement who has a certain personality, a form of persuasion and power, and the art of inducing compliance. [B.M. Bass. 1990. \*Bass & Stogdill's handbook of leadership: Theory, research, and managerial applications\*. New York: The Free Press.](#) Some look at leadership in terms of the management of group processes. In this view, a good leader develops a vision for the group, communicates that vision, [W. Bennis. 1989. \*Why leaders can't lead\*. San Francisco: Jossey-Bass;](#) [W. Bennis, & B. Nanus. 1985. \*Leaders: The strategies for taking charge\*. New York: Harper & Row.](#) orchestrates the group's energy and activity toward goal attainment, "[turns] a group of individuals into a team," and "[transforms] good intentions into positive actions." [T.B. Pickens, Jr. 1992 \(Fall/Winter\). Pickens on leadership. \*Hyatt Magazine\*, 21.](#)

**Leadership** is frequently defined as a social (interpersonal) influence relationship between two

or more persons who depend on each other to attain certain mutual goals in a group situation. [E.P. Hollander & J.W. Julian. 1969. Contemporary trends in the analysis of leadership process. \*Psychological Bulletin\* 7\(5\): 387–397.](#) Effective leadership helps individuals and groups achieve their goals by focusing on the group's *maintenance needs* (the need for individuals to fit and work together by having, for example, shared norms) and *task needs* (the need for the group to make progress toward attaining the goal that brought them together).

### **Joe Madden at pitcher mound**

Joe Maddon, manager of the Chicago Cubs baseball team, is lauded for both his managerial and leadership skills. Maddon is a role model for managers competing in the business world. Managers can learn and profit from the Cubs skipper's philosophy of instilling an upbeat attitude with the team, staying loose but staying productive, and avoiding being the center of attention.



## Leader versus Manager

The two dual concepts, leader and manager, leadership and management, are not interchangeable, nor are they redundant. The differences between the two can, however, be confusing. In many instances, to be a good manager one needs to be an effective leader. Many CEOs have been hired in the hope that their leadership skills, their ability to formulate a vision and get others to “buy into” that vision, will propel the organization forward. In addition, effective leadership often necessitates the ability to manage—to set goals; plan, devise, and implement strategy; make decisions and solve problems; and organize and control. For our purposes, the two sets of concepts can be contrasted in several ways.

First, we define the two concepts differently. In [Management and Organizational Behavior](#), we defined management as a process consisting of planning, organizing, directing, and controlling. Here we define leadership as a social (interpersonal) influence relationship between two or more people who are dependent on each another for goal attainment.

Second, managers and leaders are commonly differentiated in terms of the processes through which they initially come to their position. Managers are generally appointed to their role. Even though many organizations appoint people to positions of leadership, leadership per se is a relationship that revolves around the followers' acceptance or rejection of the leader. [E.P. Hollander. 1964. Emergent leadership and social influence. In E.P. Hollander \(ed.\), \*Leaders, groups, & influence\*. New York: Oxford University Press.](#) Thus, leaders often emerge out of events that unfold among members of a group.

Third, managers and leaders often differ in terms of the types and sources of the power they exercise. Managers commonly derive their power from the larger organization. Virtually all organizations legitimize the use of certain “carrots and sticks” (rewards and punishments) as ways of securing the compliance of their employees. In other words, by virtue of the position that a manager occupies

(president, vice president, department head, supervisor), certain “rights to act” (schedule production, contract to sell a product, hire and fire) accompany the position and its place within the hierarchy of authority. Leaders can also secure power and the ability to exercise influence using carrots and sticks; however, it is much more common for leaders to derive power from followers’ perception of their knowledge (expertise), their personality and attractiveness, and the working relationship that has developed between leaders and followers.

From the perspective of those who are under the leader’s and manager’s influence, the motivation to comply often has a different base. The subordinate to a manager frequently complies because of the role authority of the manager, and because of the carrots and sticks that managers have at their disposal. The followers of a leader comply because they want to. Thus, leaders motivate primarily through intrinsic processes, while managers motivate primarily through extrinsic processes.

Finally, it is important to note that while managers may be successful in directing and supervising their subordinates, they often succeed or fail because of their ability or inability to lead. [F.E. Fiedler. 1996. Research on leadership selection and training: One view of the future. \*Administrative Science Quarterly\* 41:241–250.](#) As noted above, effective leadership

often calls for the ability to manage, and effective management often requires leadership.

### 1. What is the nature of leadership and the leadership process?

#### 1. What is the nature of leadership and the leadership process?

Leadership is a primary vehicle for fulfilling the directing function of management. Because of its importance, theorists, researchers, and practitioners have devoted a tremendous amount of attention and energy to unlocking the secrets of effective leadership. They have kept at this search for perhaps a greater period of time than for any other single issue related to management.

## Glossary

### leadership

A social (interpersonal) influence relationship between two or more persons who depend on each other to attain certain mutual goals in a group situation.



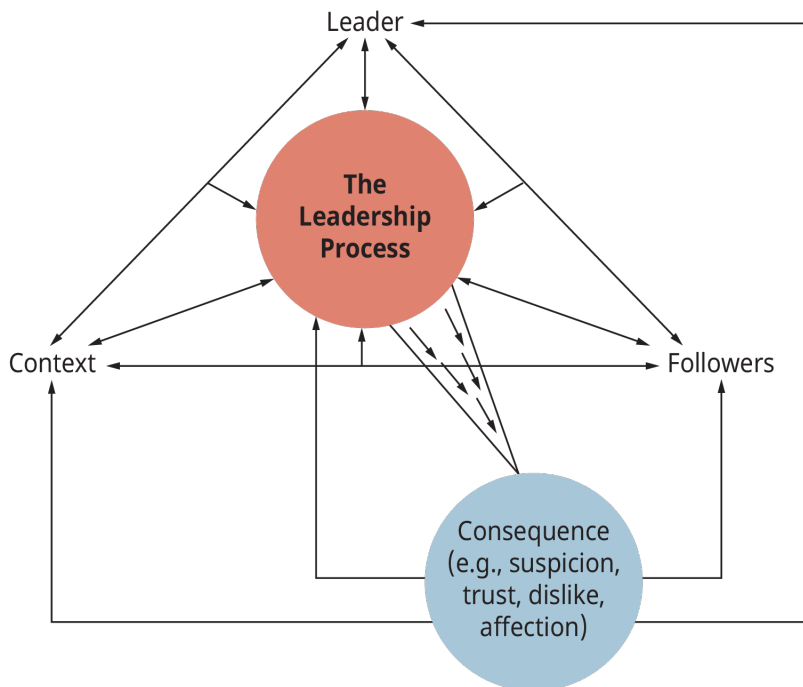
## The Leadership Process

1. What are the processes associated with people coming to leadership positions?

Leadership is a process, a complex and dynamic exchange relationship built over time between leader and follower and between leader and the group of followers who depend on each other to attain a mutually desired goal.[Hollander & Julian, 1969](#). There are several key components to this “working relationship”: the leader, the followers, the context (situation), the leadership process per se, and the consequences (outcomes) (see [\[link\]](#) ).[R.M. Stogdill. 1948. Personal factors associated with leadership: A survey of the literature. \*Journal of Psychology\* 28: 35–71.](#) Across time, each component interacts with and influences the other components, and whatever consequences (such as leader-follower trust) are created influence future interactions. As any one of the components changes, so too will leadership.[A.J. Murphy. 1941. A study of the leadership process. \*American Sociological Review\* 6:674–687.](#)

### The Leadership Process

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## The Leader

Leaders are people who take charge of or guide the activities of others. They are often seen as the focus or orchestrator of group activity, the people who set the tone of the group so that it can move forward to attain its goals. Leaders provide the group with what is required to fulfill its maintenance and task-related needs. (Later in the chapter, we will return to the “leader as a person” as part of our discussion of the trait approach to leadership.)

**New York Philharmonic @ UN**

The New York Philharmonic, conducted by Music Director Alan Gilbert, paid special tribute in the

General Assembly Hall to UN Secretary-General Ban Ki-moon as a tribute to his 10-year term. Gilbert is the formal leader of the New York Philharmonic.



## The Follower

The follower is not a passive player in the leadership process. Edwin Hollander, after many years of studying leadership, suggested that the follower is the most critical factor in any leadership event. [Hollander, 1964](#). It is, after all, the follower who perceives the situation and comes to define the needs that the leader must fulfill. In addition, it is the follower who either rejects leadership or accepts acts of leadership by surrendering his power to the leader to diminish task uncertainty, to define and manage the meaning of the situation to the follower, and to orchestrate the follower's action in pursuit of goal attainment.

The follower's personality and readiness to follow determine the style of leadership that will be most effective. For example, individuals with an internal locus of control are much more responsive to

participative styles of leadership than individuals with an external locus of control. R.J. House & T.R. Mitchell. 1974 (Autumn). Path-goal theory of leadership. *Journal of Contemporary Business* 81–97. Individuals with an authoritarian personality are highly receptive to the effectiveness of directive acts of leadership. G. Yukl. 1971. Toward a behavioral theory of leadership. *Organizational Behavior and Human Performance* 6:414–440. It is the followers' expectations, as well as their performance-based needs, that determine what a leader must do in order to be effective.

The strength of the follower's self-concept has also been linked to the leadership process. High-self-esteem individuals tend to have a strong sense of self-efficacy, that is, a generalized belief they can be successful in difficult situations. They therefore tend to be strongly motivated to perform and persist in the face of adversity. D.G. Gardner & J.L. Pierce. 1998. Self-esteem and self-efficacy within the organizational context. *Group & Organization Management* 23(1):48–70. The high-self-esteem follower tends to be responsive to participative styles of leadership. Low-self-esteem individuals, who doubt their competence and worthiness and their ability to succeed in difficult situations, function better with supportive forms of leadership. This helps them deal with the stress, frustration, and anxiety that often emerge with difficult tasks. Followers without a readiness to follow, limited by

their inability to perform and lack of motivation and commitment, usually need more directive forms of leadership. P. Hersey & K.H. Blanchard. 1988. *Management of organizational behavior utilizing human resources*. Englewood Cliffs, NJ: Prentice-Hall.

Follower behavior plays a major role in determining what behaviors leaders engage in. For example, followers who perform at high levels tend to cause their leaders to be considerate in their treatment and to play a less directive role. Followers who are poor performers, on the other hand, tend to cause their leaders to be less warm toward them and to be more directive and controlling in their leadership style. C.N. Greene. 1975. The reciprocal nature of influence between leader and subordinate. *Journal of Applied Psychology* 60: 187–193.

## The Context

Situations make demands on a group and its members, and not all situations are the same. Context refers to the situation that surrounds the leader and the followers. Situations are multidimensional. We discuss the context as it pertains to leadership in greater detail later in this chapter, but for now let's look at it in terms of the task and task environment that confront the group. Is the task structured or unstructured? Are the goals of the group clear or ambiguous? Is there agreement

or disagreement about goals? Is there a body of knowledge that can guide task performance? Is the task boring? Frustrating? Intrinsically satisfying? Is the environment complex or simple, stable or unstable? These factors create different contexts within which leadership unfolds, and each factor places a different set of needs and demands on the leader and on the followers.

## The Process

The process of leadership is separate and distinct from the leader (the person who occupies a central role in the group). The process is a complex, interactive, and dynamic working relationship between leader and followers. This working relationship, built over time, is directed toward fulfilling the group's maintenance and task needs. Part of the process consists of an exchange relationship between the leader and follower. The leader provides a resource directed toward fulfilling the group's needs, and the group gives compliance, recognition, and esteem to the leader. To the extent that leadership is the exercise of influence, part of the leadership process is captured by the surrender of power by the followers and the exercise of influence over the followers by the leader. [Hollander & Julian, 1969](#). Thus, the leader influences the followers and the followers influence the leader, the context influences the leader and the followers, and

both leader and followers influence the context.

## **The Consequences**

A number of outcomes or consequences of the leadership process unfold between leader, follower, and situation. At the group level, two outcomes are important:

- Have the group's maintenance needs been fulfilled? That is, do members of the group like and get along with one another, do they have a shared set of norms and values, and have they developed a good working relationship? Have individuals' needs been fulfilled as reflected in attendance, motivation, performance, satisfaction, citizenship, trust, and maintenance of the group membership?
- Have the group's task needs been met? That is, there are also important consequences of the leadership process for individuals: attendance, motivation, performance, satisfaction, citizenship, trust, and maintenance of their group membership.

The leader-member exchange (LMX) theory of the leadership process focuses attention on consequences associated with the leadership process. The theory views leadership as consisting of a number of dyadic relationships linking the leader

with a follower. A leader-follower relationship tends to develop quickly and remains relatively stable over time. The quality of the relationship is reflected by the degree of mutual trust, loyalty, support, respect, and obligation. High- and low-quality relationships between a leader and each of his followers produce in and out groups among the followers. Members of the in group come to be key players, and high-quality exchange relationships tend to be associated with higher levels of

performance, commitment, and satisfaction than are low-quality exchange relationships. [B.B. Graen & M. Wakabayashi. 1994. Cross-cultural leadership-making: Bridging American and Japanese diversity for team advantage. In M. D. Dunnette \(ed.\), \*Handbook of industrial and organizational psychology\*, 4 \(2nd ed.\): 415–446. Palo Alto: Consulting Psychologists Press. Attitudinal similarity and extroversion appear to be associated with a high-quality leader-member relationship.](#)

[C.A. Schriesheim, S.L. Castro, & F.J. Yammarino. 2000. Investigating contingencies: An examination of the impact of span of supervision and upward controlling on leader-member exchange using traditional and multivariate within- and between-entities analysis. \*Journal of Applied Psychology\* 85:659–677; A.S. Phillips & A.G. Bedeian. 1994. Leader-follower exchange quality: The role of personality and interpersonal attributes. \*Academy of Management Journal\* 37:990–1001.](#)



The nature of the leadership process varies substantially depending on the leader, the followers, and the situation and context. Thus, leadership is the function of an interaction between the leader, the follower, and the context.

The leadership context for the leader of a group of assembly line production workers differs from the context for the leader of a self-managing production team and from the context confronted by the lead scientists in a research laboratory. The leadership tactics that work in the first context might fail miserably in the latter two.

### How a Start-Up Finds the Right Leader

Start-ups, by their very nature, require innovation to bring new products and services to market. Along with establishing a new brand or product, the leader has to develop the relationships and processes that make a company succeed, or risk its early demise. While leading an established firm has its challenges, a start-up requires even more from a leader.

How critical is leadership to a start-up? Ask the four cofounders of the now-defunct PYP (Pretty Young Professionals), a website founded as a source of information for young professional women. What began as four young professional women working on a new start-up ended with hurt

feelings and threats of legal action. In 2010, Kathryn Minshew, Amanda Pouchot, Caroline Ghosn, and Alex Cavoulacos decided to create the website and Minshew was named CEO (Cohan 2011a). Lines blurred about Minshew's authority and the ultimate look, feel, and direction of the website. Ideals about shared leadership, where the company was going, and how it was going to get there ultimately got lost in the power shuffle. By June 2011, passwords were changed and legal actions began, and in August Minshew and Cavoulacos left altogether (Cohan 2011b).

When the legal haggling from PYP was over, Alex Cavoulacos and Kathryn Minshew, joined by Melissa McCreery, tried again. But this time, rather than hoping for the best, they put a leadership plan in place. Minshew was named CEO of the new start-up, The Daily Muse, with Cavoulacos as chief operating officer and McCreery as editor in chief. Rather than trusting to luck, the three cofounders based their team positions on strengths and personalities. Cavoulacos and McCreery agreed that Minshew's outgoing personality and confidence made her the proper choice as CEO (Casserly 2013).

No single trait will guarantee that a person can lead a start-up from idea to greatness, but a survey of successful entrepreneurs does show some common traits. According to David Barbash, a partner at Boston-based law firm Posternak Blankstein & Lund LLP, personality is paramount:

“You can have great technology but if you’re not a great communicator it may die in the lab”

(Casserly 2013 n.p.). A start-up needs a leader who is confident and willing, if not eager, to face the future. According to Michelle Randall, a principal of Enriching Leadership International, start-up CEOs have to be willing to fundraise and not be too proud to beg (Casserly 2013). Peter Shankman, an entrepreneur and angel investor, says leaders have to be willing to make the hard decisions, even risking being the bad guy (Casserly 2013).

Gary Vaynerchuk credits his success to six factors. Angel investor, social media marketer, and early social media adopter, Vaynerchuk leveraged YouTube in its early years to market wine from the family’s liquor store, eventually increasing sales from \$3 million to \$60 million a year (Clifford 2017). Gary believes good leaders recognize that they don’t dictate to the market, but rather respond to where it is going. They have respect for and believe in other people, and have a strong work ethic, what Vaynerchuk called a “lunch pail work ethic”: they are willing to put in long hours because they love the work, not the perks. He also stresses that he loves technology and doesn’t fear it, is obsessed with the youth of today, and is optimistic about people and the future of humanity (Vaynerchuk 2017).

Leading a startup requires more than simple management. It requires the right leader for the right company at the right time, which means

matching the right management skills with the proper flexibility and drive to keep it all together and moving in the right direction.

Sources:

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Vaynerchuk, Gary. 2017. "What Makes Me a Great CEO." <https://www.garyvaynerchuk.com/makes-great-ceo/>

1. Why would start-up leaders need different leadership qualities than someone managing an established firm?
2. Vaynerchuk has been quoted as saying that if you live for Friday, get a different job. How does this apply to successful entrepreneurs?

1. What are the processes associated with people coming to leadership positions?

1. What are the processes associated with people coming to leadership positions?

Organizations typically have both formal and informal leaders. Their leadership is effective for virtually identical reasons. Leadership and management are not the same. Although effective leadership is a necessary part of effective management, the overall management role is much larger than leadership alone. Managers plan, organize, direct, and control. As leaders, they are

engaged primarily in the directing function.

## Leader Emergence

1. How do leaders influence and move their followers to action?

Leaders hold a unique position in their groups, exercising influence and providing direction. Leonard Bernstein was part of the symphony, but his role as the New York Philharmonic conductor differed dramatically from that of the other symphony members. Besides conducting the orchestra, he created a vision for the symphony. In this capacity, leadership can be seen as a differentiated role and the nucleus of group activity.

Organizations have two kinds of leaders: formal and informal. A **formal leader** is that individual who is recognized by those outside the group as the official leader of the group. Often, the formal leader is appointed by the organization to serve in a formal capacity as an agent of the organization. Jack Welch was the formal leader of General Electric, and Leonard Bernstein was the formal leader of the symphony. Practically all managers act as formal leaders as part of their assigned role. Organizations that use self-managed work teams allow members of the team to select the individual who will serve as their team leader. When this person's role is sanctioned by the formal organization, these team leaders become formal leaders. Increasingly, leaders in organizations will be those who "best sell" their

ideas on how to complete a project—persuasiveness and inspiration are important ingredients in the leadership equation, especially in high-involvement organizations. [J.A. Conger. 1993. The brave new world of leadership training. \*Organizational Dynamics\* 21\(3\):46–59.](#)

Informal leaders, by contrast, are not assigned by the organization. The **informal leader** is that individual whom members of the group acknowledge as their leader. Athletic teams often have informal leaders, individuals who exert considerable influence on team members even though they hold no official, formal leadership position. In fact, most work groups contain at least one informal leader. Just like formal leaders, informal leaders can benefit or harm an organization depending on whether their influence encourages group members to behave consistently with organizational goals.

As we have noted, the terms *leader* and *manager* are not synonymous. Grace Hopper, retired U.S. Navy admiral, draws a distinction between leading and managing: “You don’t manage people, you manage *things*. You lead *people*.” [Pickens, 1992, 21](#). Informal leaders often have considerable leverage over their colleagues. Traditionally, the roles of informal leaders have not included the total set of management responsibilities because an informal leader does not always exercise the functions of



planning, organizing, directing, and controlling. However, high-involvement organizations frequently encourage their formal and informal leaders to exercise the full set of management roles. Many consider such actions necessary for self-managing work teams to succeed. Informal leaders are acknowledged by the group, and the group willingly responds to their leadership.

## Paths to Leadership

People come to leadership positions through two dynamics. In many instances, people are put into positions of leadership by forces outside the group. University-based ROTC programs and military academies (like West Point) formally groom people to be leaders. We refer to this person as the **designated leader** (in this instance the designated and formal leader are the same person). **Emergent leaders**, on the other hand, arise from the dynamics and processes that unfold within and among a group of individuals as they endeavor to achieve a collective goal.

A variety of processes help us understand how leaders emerge. Gerald Salancik and Jeffrey Pfeffer observe that power to influence others flows to those individuals who possess the critical and scarce resources (often knowledge and expertise) that a group needs to overcome a major problem. [G.R.](#)

Salancik & J. Pfeffer. 1977 (Winter). Who gets power and how they hold on to it: A strategic contingency model of power. *Organizational Dynamics*, 3–21. They note that the dominant coalition and leadership in American corporations during the 1950s was among engineers, because organizations were engaged in competition based on product design. The power base in many organizations shifted to marketing as competition became a game of advertising aimed at differentiating products in the consumer's mind. About 10–15 years ago, power and leadership once again shifted, this time to people with finance and legal backgrounds, because the critical contingencies facing many organizations were mergers, acquisitions, hostile takeovers, and creative financing. Thus, Salancik and Pfeffer reason that power and thus leadership flow to those individuals who have the ability to help an organization or group [overcome its critical contingencies]. As the challenges facing a group change, so too may the flow of power and leadership.

Many leaders emerge out of the needs of the situation. Different situations call for different configurations of knowledge, skills, and abilities. A group often turns to the member who possesses the knowledge, skills, and abilities that the group requires to achieve its goals. A.J. Murphy. 1941. A study of the leadership process. *American Sociological Review* 6:674–687. People surrender

their power to individuals whom they believe will make meaningful contributions to attaining group goals. [L. Smircich & G. Morgan. 1982. Leadership: The management of meaning. \*Journal of Applied Behavioral Science\* 18\(3\): 257–273; Stogdill, 1948.](#) The individual to whom power is surrendered is often a member of the group who is in good standing. As a result of this member's contributions to the group's goals, he has accumulated *idiosyncrasy credits* (a form of competency-based status). These credits give the individual a status that allows him to influence the direction that the group takes as it works to achieve its goals. [Hollander, 1964.](#)

It is important to recognize that the traits possessed by certain individuals contribute significantly to their emergence as leaders. Research indicates that people are unlikely to follow individuals who, for example, do not display drive, self-confidence, knowledge of the situation, honesty, and integrity.

## **Leadership as an Exercise of Influence**

As we have noted, leadership is the exercise of influence over those who depend on one another for attaining a mutual goal in a group setting. But *how* do leaders effectively exercise this influence? *Social or (interpersonal) influence* is one's ability to effect a change in the motivation, attitudes, and/or

behaviors of others. *Power*, then, essentially answers the “how” question: How do leaders influence their followers? The answer often is that a leader’s social influence is the source of his power.

French and Raven provide us with a useful typology that identifies the sources and types of power that may be at the disposal of leaders:

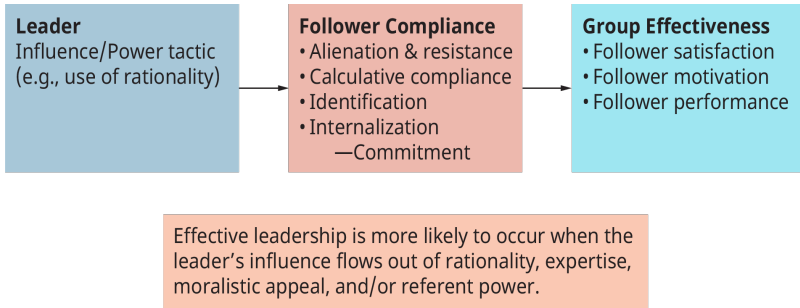
- *Reward power*—the power a person has because people believe that he can bestow rewards or outcomes, such as money or recognition that others desire
- *Coercive power*—the power a person has because people believe that he can punish them by inflicting pain or by withholding or taking away something that they value
- *Referent power*—the power a person has because others want to associate with or be accepted by him
- *Expert power*—the power a person has because others believe that he has and is willing to share expert knowledge that they need (The concept of *resource power* extends the idea of expert power to include the power that a person has because others believe that he possesses and is willing to share resources, such as information, time, or materials that are needed.)
- *Legitimate power*—the power a person has because others believe that he possesses the

“right” to influence them and that they ought to obey. This right can originate in tradition; in the charisma or appeal of the person; and in laws, institutional roles within society, moralistic appeal, and rationality (that is, logical arguments, factual evidence, reason, and internally consistent positions). [J. R. P. French, Jr. & B. Raven. 1959. The bases of social power. In D. Cartwright \(ed.\), \*Studies in social power\*. Ann Arbor, MI: Institute for Social Research, University of Michigan, 150– 167.](#)

Not all forms of power are equally effective (see [\[link\]](#) ), nor is a leader’s total power base the simple sum of the powers at his disposal. Different types of power elicit different forms of compliance: Leaders who rely on coercive power often alienate followers who resist their influence attempts. Leaders who rely on reward power develop followers who are very measured in their responses to [what?]; the use of rewards often leads people to think in terms of “How much am I getting?” or “How much should I give?” or “Am I breaking even?” The use of referent power produces identification with the leader and his cause. The use of rationality, expert power, and/or moralistic appeal generally elicits commitment and the internalization of the leader’s goals. [A. Etzioni. 1961. \*A comparative analysis of complex organizations, on power, involvement, and their correlates\*. New York: Free Press of Glencoe; H. C. Kelman. 1958.](#)

Compliance, identification, and internalization:  
Three processes of attitude change. *Journal of Conflict Resolution*, 51–61.

## The Leader-Follower Power Relationship



Leaders who use referent and expert power commonly experience a favorable response in terms of follower satisfaction and performance. Research suggests that rationality is the most effective influence tactic in terms of its impact on follower commitment, motivation, performance, satisfaction, and group effectiveness. G. Yukl & J. B. Tracey. 1992. Consequences of influence tactics used with subordinates, peers, and the boss. *Journal of Applied Psychology* 77:525–535; T.R. Hinkin & C.A. Schriesheim. 1990. Relationships between subordinate perceptions of supervisor influence tactics and attributed bases of supervisory power. *Human Relations* 43:221–237; P.M. Podsakoff & C.A. Schriesheim. 1985. Field studies of French and Raven's bases of power: Critique, reanalysis, and suggestions for future research. *Psychological Bulletin* 97:398–411.

Reward and legitimate power (that is, relying on one's position to influence others) produce inconsistent results. Sometimes these powers lead to follower performance and satisfaction, yet they also sometimes fail. Coercive power can result in favorable performance, yet follower and resistance dissatisfaction are not uncommon.

Good leaders, whether formal or informal, develop many sources of power. Leaders who rely solely on their legitimate power and authority seldom generate the influence necessary to help their organization and its members succeed. In the process of building their power base, effective leaders have discovered that the use of coercive power tends to dilute the effectiveness of other powers, while the development and use of referent power tends to magnify the effectiveness of other forms of power. A compliment or reward from a person we like generally has greater value than one from someone we dislike, and punishment from someone we love (such as "tough love" from a parent) is less offensive than the pain inflicted by someone we dislike. [T.R. Hinkin & C.A. Schriesheim. 1990. Relationships between subordinate perceptions of supervisor influence tactics and attributed based of supervisory power. \*Human Relations\* 43:221-237.](#)

In sum, one key to effective leadership, especially as it pertains to the exercise of social and interpersonal

influence, relates to the type of power employed by the leader. Overall leader effectiveness will be higher when people follow because they want to follow. This is much more likely to happen when the leader's influence flows out of intrinsic such as rationality, expertise, moralistic appeal, and/or referent power.

Leadership is also about having a vision and communicating that vision to others in such a way that it provides meaning for the follower. [Bennis, 1989](#). Language, ritual, drama, myths, symbolic constructions, and stories are some of the tools leaders use to capture the attention of their “followers to be” to evoke emotion and to manage the meaning “of the task (challenges) facing the group.” [L. Smircich & G. Morgan. 1982. Leadership: The management of meaning. \*Journal of Applied Behavioral Sciences\* 18\(3\): 257–273.](#) These tools help the leader influence the attitudes, motivation, and behavior of their followers.

## **Influence-Based Leadership Styles**

Many writers and researchers have explored how leaders can use power to address the needs of various situations. One view holds that in traditional organizations members expect to be told what to do and are willing to follow highly structured directions. Individuals attracted to high-involvement

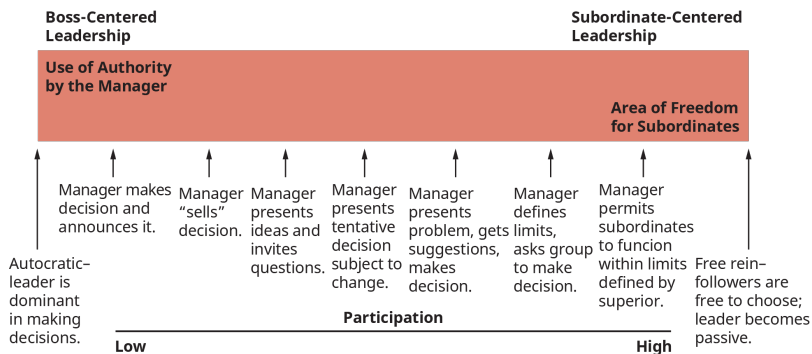


organizations, however, want to make their own decisions, expect their leaders to allow them to do so, and are willing to accept and act on this responsibility. This suggests that a leader may use and employ power in a variety of ways.

## **The Tannenbaum and Schmidt Continuum**

In the 1950s, Tannenbaum and Schmidt created a continuum (see [\[link\]](#)) along which leadership styles range from authoritarian to extremely high levels of worker freedom. [R. Tannenbaum & W.H. Schmidt. 1958 \(Mar.–Apr.\). How to choose a leadership pattern. \*Harvard Business Review\*, 95–101;](#) [R. Tannenbaum & W.H. Schmidt. 1973 \(May–June\). How to choose a leadership pattern. \*Harvard Business Review\*, 162–175.](#) Subsequent to Tannenbaum and Schmidt's work, researchers adapted the continuum by categorizing leader power styles as *autocratic* (boss-centered), *participative* (workers are consulted and involved), or *free-rein* (members are assigned the work and decide on their own how to do it; the leader relinquishes the active assumption of the role of leadership). [K. Davis & J.W. Newstrom. 1985. \*Human behavior at work: Organization behavior\*. New York: McGraw-Hill.](#)

**Tannenbaum and Schmidt's Leadership Continuum**  
*Source:* Modified from R. Tannenbaum and W. H. Schmidt. May—June 1971. How to choose a leadership pattern. *Harvard Business Review*, 167.



## Theory X and Theory Y Leaders

McGregor's Theory X and Theory Y posits two different sets of attitudes about the individual as an organizational member. [D. McGregor. 1957. The human side of enterprise, \*Management Review\* 46:22–28, 88–92](#); [D. McGregor. 1960. \*The human side of enterprise\*. New York: McGraw-Hill.](#) Theory X and Y thinking gives rise to two different styles of leadership. The *Theory X leader* assumes that the average individual dislikes work and is incapable of exercising adequate self-direction and self-control. As a consequence, they exert a highly controlling leadership style. In contrast, *Theory Y leaders* believe that people have creative capacities, as well as both the ability and desire to exercise self-direction and self-control. They typically allow organizational members significant amounts of discretion in their jobs and encourage them to participate in departmental and organizational decision-making. Theory Y leaders are much more likely to adopt involvement-oriented approaches to leadership and

organically designed organizations for their leadership group.

Theory X and Theory Y thinking and leadership are not strictly an American phenomenon. Evidence suggests that managers from different parts of the global community commonly hold the same view. A study of 3,600 managers from 14 countries reveals that most of them held assumptions about human nature that could best be classified as Theory X. [M. Haire, E.E. Ghiselli, & L.W. Porter. 1966. \*Managerial thinking: An international study\*. New York: Wiley.](#) Even though managers might publicly endorse the merits of participatory management, most of them doubted their workers' capacities to exercise self-direction and self-control and to contribute creatively. [R.E. Miles. 1975. \*Theories of management: Implications for organizational behavior and development\*. New York: McGraw-Hill.](#)

## **Directive/Permissive Leadership Styles**

Contemplating the central role of problem-solving in management and leadership, Jan P. Muczyk and Bernard C. Reimann of Cleveland State University offer an interesting perspective on four different leadership styles (see [\[link\]](#) ) that revolve around decision-making and implementation processes. [J.P. Muczyk & B.C. Reimann. 1987. The case for directive leadership. \*The Academy of Management Executive\* 1:301–311.](#)

**Source:** Modified from J. P. Muczyk and B. C. Reimann. 1987. The case for directive leadership. *Academy of Management Executive*, 1:304.

		Low — Amount of Employee Participation in Decision-Making — High	
Amount of Leader Direction	High	<b>Directive Autocrat</b> 1	<b>Directive Autocrat</b> 3
		Leader decision-making power: High Leader directing power: High	Leader decision-making power: Low Leader directing power: High
		<b>Permissive Autocrat</b> 2	<b>Permissive Autocrat</b> 4
	Low	Leader decision-making power: High Leader directing power: Low	Leader decision-making power: Low Leader directing power: Low

*A directive autocrat* retains power, makes unilateral decisions, and closely supervises workers' activities. This style of leadership is seen as appropriate when circumstances require quick decisions and organizational members are new, inexperienced, or underqualified. A doctor in charge of a hastily constructed shelter for victims of a tornado may use this style to command nonmedical volunteers.

The *permissive autocrat* mixes his or her use of power by retaining decision-making power but permitting organizational members to exercise discretion when executing those decisions. This leader behavior is recommended when decision-making time is limited, when tasks are routine, or when organizational members have sufficient expertise to determine appropriate role behaviors.

Also sharing power is the *directive democrat*, who encourages participative decision-making but retains

the power to direct team members in the execution of their roles. This style is appropriate when followers have valuable opinions and ideas, but one person needs to coordinate the execution of the ideas. A surgeon might allow the entire surgical team to participate in developing a plan for a surgical procedure. Once surgery begins, however, the surgeon is completely in charge.

Finally, the *permissive democrat* shares power with group members, soliciting involvement in both decision-making and execution. This style is appropriate when participation has both informational and motivational value, when time permits group decision-making, when group members are capable of improving decision quality, and when followers are capable of exercising self-management in their performance of work.

The permissive democratic approach to leadership is characteristic of leadership in high-involvement organizations. Here, leaders act as facilitators, process consultants, network builders, conflict managers, inspirationalists, coaches, teachers/mentors, and cheerleaders. W. A. Pasmore. 1988. *Designing effective organizations: The sociotechnical systems perspective*. New York: Wiley; T. J. Peters & R.H. Waterman, Jr. 1982. *In search of excellence: Lessons from America's best-run companies*. New York: Harper & Row. Such is the role of Ralph Stayer, founder, owner, and CEO of Johnsonville Foods. He

defines himself as his company's philosopher. At Quad/Graphics, president Harry V. Quadracci is a permissive democrat because he encourages all Quad employees to play a major role in decision-making and execution as they manage their teams as independent profit centers.

### Jeff Bezos

Jeff Bezos, founder and CEO of Amazon, used to bring an empty chair to meetings to signal and remind participants of the most important people that did not have a seat at the table: the customers. He has now replaced the empty chair with Amazon employees with the job title Customer Experience Bar Raisers.



1. What is the role of the leader and follower in the leadership process?
2. How do the theories of Tannenbaum and Schmidt's leadership continuum and McGregor's Theory X and Theory Y attempt to define leadership?

## 1. How do leaders influence and move their followers to action?

There are many diverse perspectives on leadership. Some managers treat leadership primarily as an exercise of power. Others believe that a particular belief and attitude structure makes for effective leaders. Still others believe it is possible to identify a collection of leader traits that produces a leader who should be universally effective in any leadership situation. Even today, many believe that a profile of behaviors can universally guarantee successful leadership. Unfortunately, such simple solutions fall short of the reality.

## Glossary

### designated leader

The person placed in the leadership position by forces outside the group.

### emergent leader

The person who becomes a group's leader by virtue of processes and dynamics internal to the group.

### formal leader

That individual who is recognized by those outside the group as the official leader of the

group.

informal leader

That individual whom members of the group acknowledge as their leader.



## The Trait Approach to Leadership

### 1. What are the trait perspectives on leadership?

Ancient Greek, Roman, Egyptian, and Chinese scholars were keenly interested in leaders and leadership. Their writings portray leaders as heroes. Homer, in his poem *The Odyssey*, portrays Odysseus during and after the Trojan War as a great leader who had vision and self-confidence. His son Telemachus, under the tutelage of Mentor, developed his father's courage and leadership skills. F. A. Kramer. 1992 (Summer). *Perspectives on leadership from Homer's Odyssey. Business and the Contemporary World* 168–173. Out of such stories there emerged the “great man” theory of leadership, and a starting point for the contemporary study of leadership.

The **great man theory of leadership** states that some people are born with the necessary attributes to be great leaders. Alexander the Great, Julius Caesar, Joan of Arc, Catherine the Great, Napoleon, and Mahatma Gandhi are cited as naturally great leaders, born with a set of personal qualities that made them effective leaders. Even today, the belief that truly great leaders are born is common. For example, Kenneth Labich, writer for *Fortune* magazine, commented that “the best leaders seem to possess a God-given spark.” K. Labich. 1988 (Oct. 24). *The seven keys to business leadership. Fortune*,

During the early 1900s, scholars endeavored to understand leaders and leadership. They wanted to know, from an organizational perspective, what characteristics leaders hold in common in the hope that people with these characteristics could be identified, recruited, and placed in key organizational positions. This gave rise to early research efforts and to what is referred to as the *trait approach to leadership*. Prompted by the great man theory of leadership and the emerging interest in understanding what leadership is, researchers focused on the leader—Who is a leader? What are the distinguishing characteristics of the great and effective leaders? The great man theory of leadership holds that some people are born with a set of personal qualities that make truly great leaders. Mahatma Gandhi is often cited as a naturally great leader.

## Leader Trait Research

Ralph Stogdill, while on the faculty at The Ohio State University, pioneered our modern (late 20th century) study of leadership. [Stogdill, 1948](#); [R. M. Stogdill. 1974. \*Handbook of leadership: A survey of theory and research\*. New York: Free Press.](#) Scholars taking the trait approach attempted to identify physiological (appearance, height, and weight),

demographic (age, education, and socioeconomic background), personality (dominance, self-confidence, and aggressiveness), intellective (intelligence, decisiveness, judgment, and knowledge), task-related (achievement drive, initiative, and persistence), and social characteristics (sociability and cooperativeness) with leader emergence and leader effectiveness. After reviewing several hundred studies of leader traits, Stogdill in 1974 described the successful leader this way:

The [successful] leader is characterized by a strong drive for responsibility and task completion, vigor and persistence in pursuit of goals, venturesomeness and originality in problem solving, drive to exercise initiative in social situations, self-confidence and sense of personal identity, willingness to accept consequences of decision and action, readiness to absorb interpersonal stress, willingness to tolerate frustration and delay, ability to influence other person's behavior, and capacity to structure social interaction systems to the purpose at hand. [Ibid., 81.](#)  
[See also Stogdill, 1948.](#)

The last three decades of the 20th century witnessed continued exploration of the relationship between traits and both leader emergence and leader effectiveness. Edwin Locke from the University of Maryland and a number of his research associates, in their recent review of the trait research, observed that successful leaders possess a set of core

characteristics that are different from those of other people. S.A. Kirkpatrick & E.A. Locke. 1991.

Leadership: Do traits matter? *The Executive* 5(2):48–60. E.A. Locke, S. Kirkpatrick, J.K. Wheeler, J. Schneider, K. Niles, H. Goldstein, K. Welsh, & D.-O. Chad. 1991. *The essence of leadership: The four keys to leading successfully*. New York: Lexington.

Although these core traits do not solely determine whether a person will be a leader—or a successful leader—they are seen as preconditions that endow people with leadership potential. Among the core traits identified are:

- *Drive*—a high level of effort, including a strong desire for achievement as well as high levels of ambition, energy, tenacity, and initiative
- *Leadership motivation*—an intense desire to lead others
- *Honesty and integrity*—a commitment to the truth (nondeceit), where word and deed correspond
- *Self-confidence*—an assurance in one's self, one's ideas, and one's ability
- *Cognitive ability*—conceptually skilled, capable of exercising good judgment, having strong analytical abilities, possessing the capacity to think strategically and multidimensionally
- *Knowledge of the business*—a high degree of understanding of the company, industry, and technical matters
- *Other traits*—charisma, creativity/originality,

and flexibility/adaptivenessKirkpatrick & Locke. 1991. The best managers: What it takes. 2000 (Jan. 10). *Business Week*, 158.

While leaders may be “people with the right stuff,” effective leadership requires more than simply possessing the correct set of motives and traits. Knowledge, skills, ability, vision, strategy, and effective vision implementation are all necessary for the person who has the “right stuff” to realize their leadership potential.Locke et al., 1991; T.A. Stewart. 1999 (Oct. 11). Have you got what it takes? *Fortune* 140(7):318–322. According to Locke, people endowed with these traits engage in behaviors that are associated with leadership. As followers, people are attracted to and inclined to follow individuals who display, for example, honesty and integrity, self-confidence, and the motivation to lead.

Personality psychologists remind us that behavior is a result of an interaction between the person and the situation—that is,  $\text{Behavior} = f[(\text{Person})(\text{Situation})]$ . To this, psychologist Walter Mischel adds the important observation that personality tends to get expressed through an individual’s behavior in “weak” situations and to be suppressed in “strong” situations.W. Mischel. 1973. Toward a cognitive social learning reconceptualization of personality. *Psychological Review* 80:252– 283. A strong situation is one with strong behavioral norms and rules, strong incentives, clear expectations, and

rewards for a particular behavior. Our characterization of the mechanistic organization with its well-defined hierarchy of authority, jobs, and standard operating procedures exemplifies a strong situation. The organic social system exemplifies a weak situation. From a leadership perspective, a person's traits play a stronger role in their leader behavior and ultimately leader effectiveness when the situation permits the expression of their disposition. Thus, personality traits prominently shape leader behavior in weak situations.

Finally, about the validity of the “great person approach to leadership”: Evidence accumulated to date does not provide a strong base of support for the notion that leaders are born. Yet, the study of twins at the University of Minnesota leaves open the possibility that part of the answer might be found in our genes. Many personality traits and vocational interests (which might be related to one's interest in assuming responsibility for others and the motivation to lead) have been found to be related to our “genetic dispositions” as well as to our life experiences. R.J. House & R.N. Aditya. 1997. The social scientific study of leadership: Quo vadis? *Journal of Management* 23:409– 473; T.J. Bouchard, Jr., D.T. Lykken, M. McGue, N.L. Segal, & A. Tellegen. 1990. Sources of human psychological differences: The Minnesota study of twins reared apart. *Science* 250:223–228. Each core trait recently

identified by Locke and his associates traces a significant part of its existence to life experiences. Thus, a person is not born with self-confidence. Self-confidence is developed, honesty and integrity are a matter of personal choice, motivation to lead comes from within the individual and is within his control, and knowledge of the business can be acquired. While cognitive ability does in part find its origin in the genes, it still needs to be developed. Finally, drive, as a dispositional trait, may also have a genetic component, but it too can be self- and other-encouraged. It goes without saying that none of these ingredients are acquired overnight.

## Other Leader Traits

Sex and gender, disposition, and self-monitoring also play an important role in leader emergence and leader style.

### Sex and Gender Role

Much research has gone into understanding the role of sex and gender in leadership. [S. Helgesen. 1990. \*The female advantage\*. New York: Doubleday/Currency](#); [J. Fierman. 1990 \(Dec. 17\). Do women manage differently? \*Fortune\* 122:115–120](#); [J.B. Rosener. 1990 \(Nov.–Dec.\). Ways women lead. \*Harvard Business Review\* 68\(6\): 119–125](#). Two major

avenues have been explored: sex and gender roles in relation to leader emergence, and whether style differences exist across the sexes.

Evidence supports the observation that men emerge as leaders more frequently than women. J.B. Chapman. 1975. Comparison of male and female leadership styles. *Academy of Management Journal* 18:645–650; E.A. Fagenson 1990. Perceived masculine and feminine attributes examined as a function of individual's sex and level in the organizational power hierarchy: A test of four theoretical perspectives. *Journal of Applied Psychology* 75:204–211. Throughout history, few women have been in positions where they could develop or exercise leadership behaviors. In contemporary society, being perceived as experts appears to play an important role in the emergence of women as leaders. Yet, gender role is more predictive than sex. Individuals with “masculine” (for example, assertive, aggressive, competitive, willing to take a stand) as opposed to “feminine” (cheerful, affectionate, sympathetic, gentle) characteristics are more likely to emerge in leadership roles. R.L. Kent & S.E. Moss. 1994. Effects of sex and gender role on leader emergence. *Academy of Management Journal* 37: 1335–1346. In our society males are frequently socialized to possess the masculine characteristics, while females are more frequently socialized to possess the feminine characteristics.



Recent evidence, however, suggests that individuals who are androgynous (that is, who simultaneously possess both masculine and feminine characteristics) are as likely to emerge in leadership roles as individuals with only masculine characteristics. This suggests that possessing feminine qualities does not distract from the attractiveness of the individual as a leader.[Ibid.](#)

With regard to leadership style, researchers have looked to see if male-female differences exist in task and interpersonal styles, and whether or not differences exist in how autocratic or democratic men and women are. The answer is, when it comes to interpersonal versus task orientation, differences between men and women appear to be marginal. Women are somewhat more concerned with meeting the group's interpersonal needs, while men are somewhat more concerned with meeting the group's task needs. Big differences emerge in terms of democratic versus autocratic leadership styles. Men tend to be more autocratic or directive, while women are more likely to adopt a more democratic/participative leadership style.[A.H. Early & B.T. Johnson. 1990. Gender and leadership style: A meta-analysis. \*Psychological Bulletin\* 108:233–256.](#) In fact, it may be because men are more directive that they are seen as key to goal attainment and they are turned to more often as leaders.[G.H. Dobbins, W.S. Long, E. Dedrick, & T.C. Clemons. 1990. The role of self-monitoring and gender on leader emergence: A](#)

laboratory and field study. *Journal of Management* 16:609–618.

## Dispositional Trait

Psychologists often use the terms *disposition* and *mood* to describe and differentiate people. Individuals characterized by a positive affective state exhibit a mood that is active, strong, excited, enthusiastic, peppy, and elated. A leader with this mood state exudes an air of confidence and optimism and is seen as enjoying work-related activities.

Recent work conducted at the University of California-Berkeley demonstrates that leaders (managers) with positive affectivity (a positive mood state) tend to be more competent interpersonally, to contribute more to group activities, and to be able to function more effectively in their leadership role. B.M. Staw & S.G. Barsade. 1993. Affect and managerial performance: A test of the sadder-but-wiser vs happier-and-smarter hypothesis. *Administrative Science Quarterly* 38:304–331. Their enthusiasm and high energy levels appear to be infectious, transferring from leader to followers. Thus, such leaders promote group cohesiveness and productivity. This mood state is also associated with low levels of group turnover and is positively associated with followers who engage in acts of good group citizenship. J.M.

George & K. Bellenhausen. 1990. Understanding prosocial behavior, sales performance, and turnover: A group-level analysis in a service context. *Journal of Applied Psychology* 75:698–709.

## **Self-Monitoring**

Self-monitoring as a personality trait refers to the strength of an individual's ability and willingness to read verbal and nonverbal cues and to alter one's behavior so as to manage the presentation of the self and the images that others form of the individual. "High self-monitors" are particularly astute at reading social cues and regulating their self-presentation to fit a particular situation. "Low self-monitors" are less sensitive to social cues; they may either lack motivation or lack the ability to manage how they come across to others.

Some evidence supports the position that high self-monitors emerge more often as leaders. In addition, they appear to exert more influence on group decisions and initiate more structure than low self-monitors. Perhaps high self-monitors emerge as leaders because in group interaction they are the individuals who attempt to organize the group and provide it with the structure needed to move the group toward goal attainment. [Dobbins et al., 1990.](#)



## 1. What are the trait perspectives on leadership?

### 1. What are the trait perspectives on leadership?

## Glossary

great man theory of leadership

The belief that some people are born to be leaders and others are not.

## Behavioral Approaches to Leadership

### 1. What are the behavioral perspectives on leadership?

The nearly four decades of research that focused on identifying the personal traits associated with the emergence of leaders and leader effectiveness resulted in two observations. First, leader traits are important—people who are endowed with the “right stuff” (drive, self-confidence, honesty, and integrity) are more likely to emerge as leaders and to be effective leaders than individuals who do not possess these characteristics. Second, traits are only a part of the story. Traits only account for part of why someone becomes a leader and why they are (or are not) effective leaders.

Still under the influence of the great man theory of leadership, researchers continued to focus on the leader in an effort to understand leadership—who emerges and what constitutes effective leadership. Researchers then began to reason that maybe the rest of the story could be understood by looking at what it is that leaders *do*. Thus, we now turn our attention to leader behaviors and the behavioral approaches to leadership.

It is now common to think of effective leadership in terms of what leaders do. CEOs and management consultants agree that effective leaders display trust

in their employees, develop a vision, keep their cool, encourage risk, bring expertise into the work setting, invite dissent, and focus everyone's attention on that which is important. [K. Labich, 1988, 58–66](#). William Arruda, in a *Fortune* article, noted that “organizations with strong coaching cultures report their revenue to be above average, compared to their peer group.” Sixty-five percent of employees “from strong coaching cultures rated themselves as highly engaged,” compared to 13 percent of employees worldwide.” [C. Williams. 2017 \(June 23\). Leadership: Coaching has a Role to Play in Business. Central Penn Business Journal. <http://www.cpbj.com/article/20170623/CPBJ01/170629935/leadership-coaching-has-role-to-play-in-business>](#) Jonathan Anthony calls himself an intrapreneur and corporate disorganizer, because same-old, same-old comms practices are dying in front of our eyes. [J. Anthony. 2017. \*This Much We Know\*. \(Accessed August 4, 2017\). <https://thismuchwewknow.net/2016/09/21/10-ideas-and-concepts-that-describe-me-really-well/>](#) Apple founder Steve Jobs believed that the best leaders are coaches and team cheerleaders. Similar views have been frequently echoed by management consultant Tom Peters.

During the late 1940s, two major research programs—The Ohio State University and the University of Michigan leadership studies—were launched to explore leadership from a behavioral perspective.

## The Ohio State University Studies

A group of Ohio State University researchers, under the direction of Ralph Stogdill, began an extensive and systematic series of studies to identify leader behaviors associated with effective group performance. Their results identified two major sets of leader behaviors: consideration and initiating structure.

**Consideration** is the “relationship-oriented” behavior of a leader. It is instrumental in creating and maintaining good relationships (that is, addressing the group’s maintenance needs) with organizational members. Consideration behaviors include being supportive and friendly, representing people’s interests, communicating openly with group members, recognizing them, respecting their ideas, and sharing concern for their feelings.

**Initiating structure** involves “task-oriented” leader behaviors. It is instrumental in the efficient use of resources to attain organizational goals, thereby addressing the group’s task needs. Initiating structure behaviors include scheduling work, deciding what is to be done (and how and when to do it), providing direction to organizational members, planning, coordinating, problem-solving, maintaining standards of performance, and

encouraging the use of uniform procedures.

After consideration and initiating structure behaviors were first identified, many leaders believed that they had to behave one way or the other. If they initiated structure, they could not be considerate, and vice versa. It did not take long, however, to recognize that leaders can simultaneously display any combination of both behaviors.

The Ohio State studies are important because they identified two critical categories of behavior that distinguish one leader from another. Both consideration and initiating structure behavior can significantly impact work attitudes and behaviors. Unfortunately, the effects of consideration and initiating structure are not consistent from situation to situation. E.A. Fleishman. 1953. The description of supervisory behavior. *Personnel Psychology* 37:1–6; E.A. Fleishman & E.F. Harris. 1962. Patterns of leadership behavior related to employee grievances and turnover. *Personnel Psychology* 15:43–56; A. W. Halpin & B. J. Winer. 1957. A factorial study of the leader behavior descriptions. In R.M. Stogdill & A.C. Coons (eds.), *Leader behavior: Its description and measurement*. Columbus: Bureau of Business Research, Ohio State University; J.K. Hemphill & A.E. Coons. 1975. Development of the leader behavior description questionnaire. In R. M. Stogdill & A. E. Coons (eds.), *Leader behavior*; S. Kerr & C.



Schriesheim. 1974. Consideration, initiating structure, and organizational criteria—an update of Korman’s 1966 review. *Personnel Psychology* 27:555–568. In some of the organizations studied, for example, high levels of initiating structure increased performance. In other organizations, the amount of initiating structure seemed to make little difference. Although most organizational members reported greater satisfaction when leaders acted considerately, consideration behavior appeared to have no clear effect on performance.

Initially, these mixed findings were disappointing to researchers and managers alike. It had been hoped that a profile of the most effective leader behaviors could be identified so that leaders could be trained in the best ways to behave. Research made clear, however, that there is no one best style of leader behavior for all situations.

## **The University of Michigan Studies**

At about the same time that the Ohio State studies were underway, researchers at the University of Michigan also began to investigate leader behaviors. As at Ohio State, the Michigan researchers attempted to identify behavioral elements that differentiated effective from ineffective leaders. [D. Katz & R.L. Kahn. 1952. Some recent findings in human relations research. In E. Swanson, T.](#)

Newcomb, & E. Hartley (eds.), *Readings in social psychology*, New York: Holt, Rinehart, & Winston; D. Katz, N. Macoby, & N. Morse. 1950. *Productivity, supervision, and morale in an office situation*, Ann Arbor, MI: Institute for Social Research; F.C. Mann & J. Dent. 1954. The supervisor: Member of two organizational families. *Harvard Business Review* 32:103–112.

The two types of leader behavior that stand out in these studies are job centered and organizational member centered. *Job-centered behaviors* are devoted to supervisory functions, such as planning, scheduling, coordinating work activities, and providing the resources needed for task performance. *Employee-member-centered* behaviors include consideration and support for organizational members. These dimensions of behavior, of course, correspond closely to the dimensions of initiating structure and consideration identified at Ohio State. The similarity of the findings from two independent groups of researchers added to their credibility. As the Ohio State researchers had done, the Michigan researchers also found that any combination of the two behaviors was possible.

The studies at Michigan are significant because they reinforce the importance of leader behavior. They also provide the basis for later theories that identify specific, effective matches of work situations and leader behaviors. Subsequent research at Michigan

and elsewhere has found additional behaviors associated with effective leadership: support, work facilitation, goal emphasis, and interaction facilitation. [D. G. Bowers & S. C. Seashore. 1966. Pretesting organizational effectiveness with a four-factor theory of leadership. \*Administrative Science Quarterly\* 11:238–262; Yukl, 1971; D.A. Nadler, G.D. Jenkins, Jr., C. Cammonn, and E.E. Lawler, III. 1975. \*The Michigan organizational assessment package progress report\*. Ann Arbor: Institute for Social Research, University of Michigan.](#)

These four behaviors are important to the successful functioning of the group in that support and interaction facilitation contribute to the group's maintenance needs, and goal emphasis and work facilitation contribute to the group's task needs. The Michigan researchers also found that these four behaviors do not need to be brought to the group by the leader. In essence, the leader's real job is to set the tone and create the climate that ensure these critical behaviors are present. [Bowers & Seashore, 1966.](#)

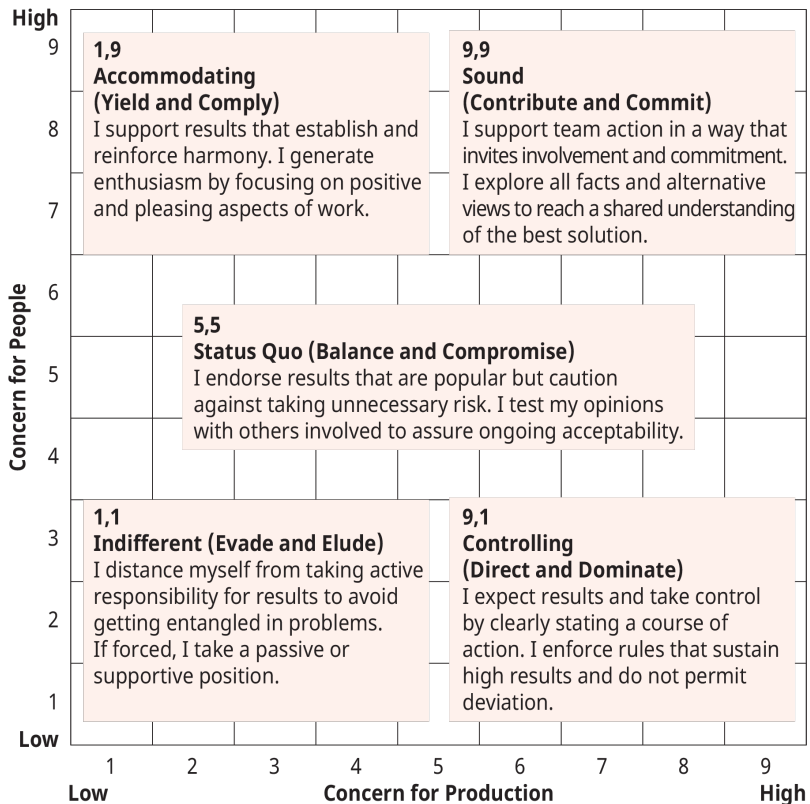
## **The Leadership Grid®**

Much of the credit for disseminating knowledge about important leader behaviors must go to Robert R. Blake and Jane S. Mouton, who developed a method for classifying styles of leadership

compatible with many of the ideas from the Ohio State and Michigan studies. R.R. Blake & J.S. Mouton. 1964. *The managerial grid*. Houston: Gulf; R.R. Blake & J.S. Mouton. 1981. *The versatile manager: A grid profile*, Homewood, IL: Dow Jones-Irwin; R.R. Blake & J.S. Mouton. 1984. *The new managerial grid III*. Houston: Gulf. In their classification scheme, *concern for results* (production) emphasizes output, cost effectiveness, and (in for-profit organizations) a concern for profits. *Concern for people* involves promoting working relationships and paying attention to issues of importance to group members. As shown in [\[link\]](#), the Leadership Grid® demonstrates that any combination of these two leader concerns is possible, and five styles of leadership are highlighted here.

Blake and Mouton's Managerial Grid®

**Source:** Adapted from R. McKee and B. Carlson. 1999. *The Power to Change*, p.16.



Blake and Mouton contend that the sound (contribute and commit) leader (a high concern for results and people, or 9,9) style is universally the most effective. [R.R. Blake & J.S. Mouton. 1981. Management by grid® principles or situationalism: Which? \*Group and Organization Studies\* 6:439–455.](#) While the Leadership Grid® is appealing and well structured, research to date suggests that there is no universally effective style of leadership (9,9 or otherwise). [L. L. Larson, J. G. Hunt, & R. N. Osborn. 1976. The great hi-hi leader behavior myth: A lesson from Occam's razor. \*Academy of Management\*](#)

*Journal* 19:628–641. There are, however, well-identified situations in which a 9,9 style is unlikely to be effective. Organizational members of high-involvement organizations who have mastered their job duties require little production-oriented leader behavior. Likewise, there is little time for people-oriented behavior during an emergency. Finally, evidence suggests that the “high-high” style may be effective when the situation calls for high levels of initiating structure. Under these conditions, the initiation of structure is more acceptable, favorably affecting follower satisfaction and performance, when the leader is also experienced as warm, supportive, and considerate.

D. Tjosvold. 1984. Effects of warmth and directiveness on subordinate performance on a subsequent task. *Journal of Applied Psychology* 69:422–427; A.W. Halpin. 1957. The leader behavior and effectiveness of aircraft commanders. In R.M. Stogdill & A. E. Coons (eds.). *Leader Behavior: Its description and measurement*. Columbus, OH: The Ohio State University, Bureau of Business Research.; E.A. Fleishman & J. Simmons. 1970. Relationship between leadership patterns and effectiveness ratings among Israeli foremen. *Personnel Psychology* 23:169–172.

1. What are the behavioral approaches to defining leadership?
2. What roles do gender and the popular

perceptions of gender roles have on views of leadership traits?

### 1. What are the behavioral perspectives on leadership?

It is clear that effective leaders are endowed with the “right stuff,” yet this “stuff” is only a precondition to effective leadership. Leaders need to connect with their followers and bring the right configuration of knowledge, skills, ability, vision, and strategy to the situational demands confronting the group.

## Glossary

### consideration

A “relationship-oriented” leader behavior that is supportive, friendly, and focused on personal needs and interpersonal relationships.

### initiating structure

A “task-oriented” leader behavior that is focused on goal attainment, organizing and scheduling work, solving problems, and maintaining work processes.

# Situational (Contingency) Approaches to Leadership

## 1. What are the situational perspectives on leadership?

As early as 1948, Ralph Stogdill stated that “the qualities, characteristics, and skills required in a leader are determined to a large extent by the demands of the situation in which he is to function as a leader.” [Stogdill, 1948, 63](#). In addition, it had been observed that two major leader behaviors, initiating structure and consideration, didn’t always lead to equally positive outcomes. That is, there are times when initiating structure results in performance increases and follower satisfaction, and there are times when the results are just the opposite. Contradictory findings such as this lead researchers to ask “Under what conditions are the results positive in nature?” and “When and why are they negative at other times?” Obviously, situational differences and key contingencies are at work.

Several theories have been advanced to address this issue. These are Fiedler’s contingency theory of leadership, the path-goal theory of leader effectiveness, Hersey and Blanchard’s life cycle theory, cognitive resource theory, the decision tree, and the decision process theory. [House & Aditya, 1997](#). We explore two of the better-known situational theories of leadership, Fred Fiedler’s contingency model and Robert J. House’s path-goal



theory, here. Victor Vroom, Phillip Yetton, and Arthur Jago's decision tree model also applies.

## Fiedler's Contingency Model

One of the earliest, best-known, and most controversial situation-contingent leadership theories was set forth by Fred E. Fiedler from the University of Washington. [F.E. Fiedler & M.M. Chemers. 1974. \*Leadership and effective management\*. Glenview, IL: Scott, Foresman.](#) This theory is known as the **contingency theory of leadership**.

According to Fiedler, organizations attempting to achieve group effectiveness through leadership must assess the leader according to an underlying trait, assess the situation faced by the leader, and construct a proper match between the two.

### The Leader's Trait

Leaders are asked about their **least-preferred coworker (LPC)**, the person with whom they *least* like to work. The most popular interpretation of the LPC score is that it reflects a leader's underlying disposition toward others—for example: pleasant/unpleasant, cold/warm, friendly/unfriendly, and untrustworthy/trustworthy. (You can examine your own LPC score by completing the LPC self-assessment on the following page.)

Fiedler states that leaders with high LPC scores are *relationship oriented*—they need to develop and maintain close interpersonal relationships. They tend to evaluate their least-preferred coworkers in fairly favorable terms. Task accomplishment is a secondary need to this type of leader and becomes important only after the need for relationships is reasonably well satisfied. In contrast, leaders with low LPC scores tend to evaluate the individuals with whom they least like to work fairly negatively. They are *task-oriented* people, and only after tasks have been accomplished are low-LPC leaders likely to work on establishing good social and interpersonal relations.

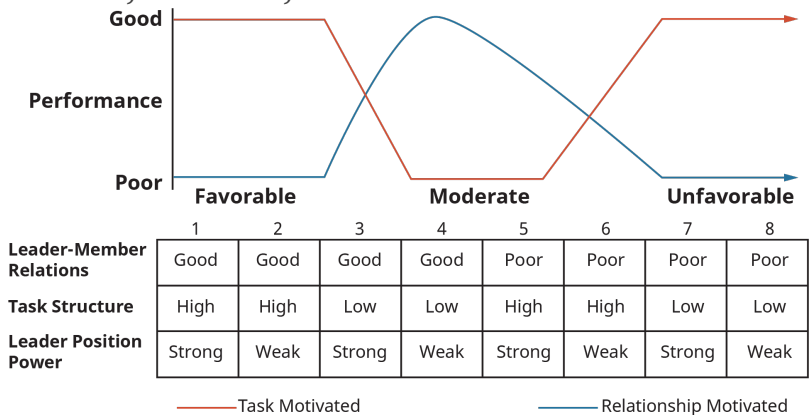
## **The Situational Factor**

Some situations favor leaders more than others do. To Fiedler, *situational favorableness* is the degree to which leaders have control and influence and therefore feel that they can determine the outcomes of a group interaction.[F.E. Fiedler. 1976. The leadership game: Matching the men to the situation. \*Organizational Dynamics\*, 4, 9.](#) Several years later, Fiedler changed his situational factor from situational favorability to situational control—where situational control essentially refers to the degree to which a leader can influence the group process.[Personal conversation between Robert J. House and Fred Fiedler in September 1996, as reported in House & Aditya, 1997.](#) Three factors

work together to determine how favorable a situation is to a leader. In order of importance, they are (1) *leader-member relations*—the degree of the group’s acceptance of the leader, their ability to work well together, and members’ level of loyalty to the leader; (2) *task structure*—the degree to which the task specifies a detailed, unambiguous goal and how to achieve it; and (3) *position power*—a leader’s direct ability to influence group members. The situation is most favorable for a leader when the relationship between the leader and group members is good, when the task is highly structured, and when the leader’s position power is strong (cell 1 in [\[link\]](#) ). The least-favorable situation occurs under poor leader-member relations, an unstructured task, and weak position power (cell 8).

### Fiedler’s Contingency Model of Leader-Situation Matches

**Source:** Adapted from F. E. Fiedler and M. M. Chemers. 1974. *Leadership and effective management*. Glenview, IL: Scott, Foresman.



## Leader-Situation Matches

Some combinations of leaders and situations work well; others do not. In search of the best combinations, Fiedler examined a large number of leadership situations. He argued that most leaders have a relatively unchangeable or dominant style, so organizations need to design job situations to fit the leader. F.E. Fiedler. Sept.–Oct. 1965. Engineering the job to fit the manager. *Harvard Business Review*, 115–122.

While the model has not been fully tested and tests have often produced mixed or contradictory findings, See, for example, the supporting results of M.M. Chemers & G.J. Skrzypek. 1972. Experimental test of the contingency model of leadership effectiveness. *Journal of Personality and Social Psychology* 24:172–177; and the contradictory results of R.P. Vecchio. 1977. An empirical examination of the validity of Fiedler's model of leadership effectiveness. *Organizational Behavior and Human Performance* 19:180–206. Fiedler's research indicates that relationship-oriented (high-LPC) leaders are much more effective under conditions of intermediate favorability than under either highly favorable or highly unfavorable situations. Fiedler attributes the success of relationship-oriented leaders in situations with intermediate favorability to the leader's nondirective, permissive attitude; a more directive attitude could lead to anxiety in

followers, conflict in the group, and a lack of cooperation.

For highly favorable and unfavorable situations, task-oriented leaders (those with a low LPC) are very effective. As tasks are accomplished, a task-oriented leader allows the group to perform its highly structured tasks without imposing more task-directed behavior. The job gets done without the need for the leader's direction. Under unfavorable conditions, task-oriented behaviors, such as setting goals, detailing work methods, and guiding and controlling work behaviors, move the group toward task accomplishment.

As might be expected, leaders with mid-range LPC scores can be more effective in a wider range of situations than high- or low-LPC leaders. [R.B. Dunham. 1984. \[Interview with Fred E. Fiedler.\] \*Organizational behavior: People and processes in management\*. Homewood, IL: Irwin, 368; J. L. Kennedy, Jr. 1982. Middle LPC leaders and the contingency model of leadership effectiveness. \*Organizational Behavior and Human Performance\* 30:1–14.](#) Under conditions of low favorability, for example, a middle-LPC leader can be task oriented to achieve performance, but show consideration for and allow organizational members to proceed on their own under conditions of high situational favorability.

## Controversy over the Theory

Although Fiedler's theory often identifies appropriate leader-situation matches and has received broad support, it is not without critics. Some note that it characterizes leaders through reference to their attitudes or personality traits (LPC) while it explains the leader's effectiveness through their behaviors—those with a particular trait will behave in a particular fashion. The theory fails to make the connection between the least-preferred coworker attitude and subsequent behaviors. In addition, some tests of the model have produced mixed or contradictory findings. [Chemens & Skrzpek, 1972](#); [Vecchio, 1977](#). Finally, what is the true meaning of the LPC score—exactly what is being revealed by a person who sees their least-preferred coworker in positive or negative terms? Robert J. House and Ram N. Aditya recently noted that, in spite of the criticisms, there has been substantial support for Fiedler's theory. [House & Aditya, 1997](#); [L.H. Peters, D.D. Hartke, & J.T. Pohlman, 1985](#). Fiedler's contingency model of leadership: An application of the meta-analysis procedure of Schmidt and Hunter. *Psychological Bulletin* 97:274–285.

## Path-Goal Theory

Robert J. House and Martin Evans, while on the

faculty at the University of Toronto, developed a useful leadership theory. Like Fiedler's, it asserts that the type of leadership needed to enhance organizational effectiveness depends on the situation in which the leader is placed. Unlike Fiedler, however, House and Evans focus on the leader's observable behavior. Thus, managers can either match the situation to the leader or modify the leader's behavior to fit the situation.

The model of leadership advanced by House and Evans is called the **path-goal theory of leadership** because it suggests that an effective leader provides organizational members with a *path* to a valued *goal*. According to House, the motivational function of the leader consists of increasing personal payoffs to organizational members for work-goal attainment, and making the path to these payoffs easier to travel by clarifying it, reducing roadblocks and pitfalls, and increasing the opportunities for personal satisfaction en route.[R.J. House. 1971. A path goal theory of leader effectiveness. \*Administrative Science Quarterly\* 16:324.](#)

Effective leaders therefore provide rewards that are valued by organizational members. These rewards may be pay, recognition, promotions, or any other item that gives members an incentive to work hard to achieve goals. Effective leaders also give clear instructions so that ambiguities about work are reduced and followers understand how to do their

jobs effectively. They provide coaching, guidance, and training so that followers can perform the task expected of them. They also remove barriers to task accomplishment, correcting shortages of materials, inoperative machinery, or interfering policies.

## **An Appropriate Match**

According to the path-goal theory, the challenge facing leaders is basically twofold. First, they must analyze situations and identify the most appropriate leadership style. For example, experienced employees who work on a highly structured assembly line don't need a leader to spend much time telling them how to do their jobs—they already know this. The leader of an archeological expedition, though, may need to spend a great deal of time telling inexperienced laborers how to excavate and care for the relics they uncover.

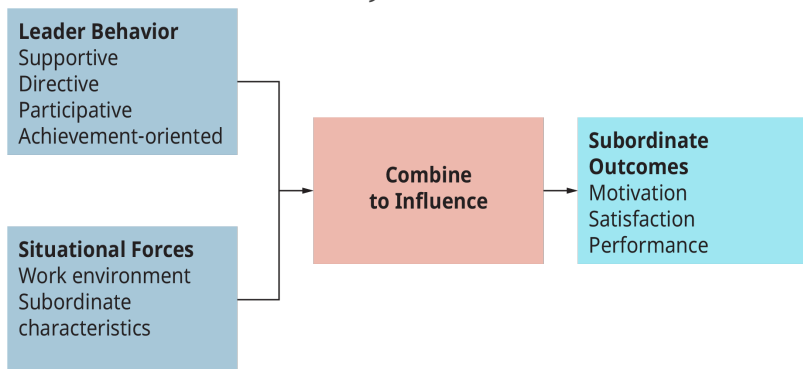
Second, leaders must be flexible enough to use different leadership styles as appropriate. To be effective, leaders must engage in a wide variety of behaviors. Without an extensive repertoire of behaviors at their disposal, a leader's effectiveness is limited. [R. Hoojiberg. 1996. A multidimensional approach toward leadership: An extension of the concept of behavioral complexity. \*Human Relations\* 49\(7\):917–946.](#) All team members will not, for example, have the same need for autonomy. The leadership style that motivates organizational



members with strong needs for autonomy (participative leadership) is different from that which motivates and satisfies members with weaker autonomy needs (directive leadership). The degree to which leadership behavior matches situational factors will determine members' motivation, satisfaction, and performance (see [\[link\]](#) ).R.J. House & T.R. Mitchell. 1974 (Autumn). Path-goal theory of leadership, *Journal of Contemporary Business*, 86; R.J. House & G. Dessler. 1974. The path-goal theory of leadership: Some post hoc and a priori tests. In J. Hunt & L. Larson (eds.). *Contingency approaches to leadership*. Carbondale, IL: Southern Illinois University Press.

### The Path-Goal Leadership Model

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### Behavior Dimensions

According to path-goal theory, there are four important dimensions of leader behavior, each of which is suited to a particular set of situational

demands. House & Mitchell, 1974; House & Dessler, 1974; R.T. Keller. 1989. A test of the path-goal theory of leadership with need for clarity as a moderator in research and development organizations. *Journal of Applied Psychology* 74:208–212.

- *Supportive leadership*—At times, effective leaders demonstrate concern for the well-being and personal needs of organizational members. Supportive leaders are friendly, approachable, and considerate to individuals in the workplace. Supportive leadership is especially effective when an organizational member is performing a boring, stressful, frustrating, tedious, or unpleasant task. If a task is difficult and a group member has low self-esteem, supportive leadership can reduce some of the person's anxiety, increase his confidence, and increase satisfaction and determination as well.
- *Directive leadership*—At times, effective leaders set goals and performance expectations, let organizational members know what is expected, provide guidance, establish rules and procedures to guide work, and schedule and coordinate the activities of members. Directive leadership is called for when role ambiguity is high. Removing uncertainty and providing needed guidance can increase members' effort, job satisfaction, and job performance.
- *Participative leadership*—At times, effective

leaders consult with group members about job-related activities and consider their opinions and suggestions when making decisions. Participative leadership is effective when tasks are unstructured. Participative leadership is used to great effect when leaders need help in identifying work procedures and where followers have the expertise to provide this help.

- *Achievement-oriented leadership*—At times, effective leaders set challenging goals, seek improvement in performance, emphasize excellence, and demonstrate confidence in organizational members' ability to attain high standards. Achievement-oriented leaders thus capitalize on members' needs for achievement and use goal-setting theory to great advantage.

## Cross-Cultural Context

Gabriel Bristol, the CEO of Intelinfluence Live, a full-service customer contact center offering affordable inbound customer service, outbound sales, lead generation and consulting services for small to mid-sized businesses, notes “diversity breeds innovation, which helps businesses achieve goals and tackle new challenges.”[G. Bristol. 2016. Why Diversity in the Workplace is Imperrative. \*Entrepreneur\*, March 25. \(Accessed august 4, 2017\) <https://>](#)

[www.entrepreneur.com/article/270110](http://www.entrepreneur.com/article/270110)

*Multiculturalism* is a new reality as today's society and workforce become increasingly diverse. This naturally leads to the question "Is there a need for a new and different style of leadership?"

The vast majority of the contemporary scholarship directed toward understanding leaders and the leadership process has been conducted in North America and Western Europe. Westerners have "developed a highly romanticized, heroic view of leadership." [J.R. Meindl, S.B. Ehrlich, & J.M. Dukerich. 1985. The romance of leadership. \*Administrative Science Quarterly\* 30:78–102.](#) Leaders occupy center stage in organizational life. We use leaders in our attempts to make sense of the performance of our groups, clubs, organizations, and nations. We see them as key to organizational success and profitability, we credit them with organizational competitiveness, and we blame them for organizational failures. At the national level, recall that President Reagan brought down Communism and the Berlin Wall, President Bush won the Gulf War, and President Clinton brought unprecedented economic prosperity to the United States during the 1990s.

This larger-than-life role ascribed to leaders and the Western romance with successful leaders raise the question "How representative is our understanding of leaders and leadership across cultures?" That is,

do the results that we have examined in this chapter generalize to other cultures?

Geert Hofstede points out that significant value differences (individualism-collectivism, power distance, uncertainty avoidance, masculinity-femininity, and time orientation) cut across societies. Thus, leaders of culturally diverse groups will encounter belief and value differences among their followers, as well as in their own leader-member exchanges.

There appears to be consensus that a universal approach to leadership and leader effectiveness does not exist. Cultural differences work to enhance and diminish the impact of leadership styles on group effectiveness. For example, when leaders empower their followers, the effect for job satisfaction in India has been found to be negative, while in the United States, Poland, and Mexico, the effect is positive. [C. Robert, T. M. Probst, J. J. Martocchio, F. Drasgow, & J. J. Lawler. 2000. Empowerment and continuous improvement in the United States, Mexico, Poland, and India: Predicting fit on the basis of the dimensions of power distance and individualism. \*Journal of Applied Psychology\* 85:643–658.](#) The existing evidence suggests similarities as well as differences in such areas as the effects of leadership styles, the acceptability of influence attempts, and the closeness and formality of relationships. The distinction between task and

relationship-oriented leader behavior, however, does appear to be meaningful across cultures. P.W. Dorfman & S. Roonen. 1991. *The universality of leadership theories: Challenges and paradoxes*. Paper presented at the Academy of Management Meetings, Miami. Leaders whose behaviors reflect support, kindness, and concern for their followers are valued and effective in Western and Asian cultures. Yet it is also clear that democratic, participative, directive, and contingent-based rewards and punishment do not produce the same results across cultures. The United States is very different from Brazil, Korea, New Zealand, and Nigeria. The effective practice of leadership necessitates a careful look at, and understanding of, the individual differences brought to the leader-follower relationship by cross-cultural contexts. P.W. Dorfman, J.P. Howell, S. Hiblino, J.K. Lee, U. Tate, & A. Bautista. 1997. Leadership in Western and Asian countries: Commonalities and differences in effective leadership processes across cultures. *Leadership Quarterly* 8(3):233–274.

1. Identify and describe the variables presented in Fiedler's theory of leadership.
2. What are the leadership behaviors in the path-goal theory of leadership?
3. What role does culture have in how leadership is viewed?
4. What are the differences between the trait,

## behavioral, and situational approaches to defining leadership?

### 1. What are the situational perspectives on leadership?

We now know that there is no one best way to be an effective leader in all circumstances. Leaders need to recognize that how they choose to lead will affect the nature of their followers' compliance with their influence tactics, and ultimately impacts motivation, satisfaction, performance, and group effectiveness. In addition, the nature of the situation—contextual demands and characteristics of the follower—dictates the type of leadership that is likely to be effective. Fiedler focuses on leader traits and argues that the favorableness of the leadership situation dictates the type of leadership approach needed. He recommends selecting leaders to match the situation or changing the situation to match the leader. Path-goal theory focuses on leader behavior that can be adapted to the demands of a particular work environment and organizational members' characteristics. Path-goal theorists believe both that leaders can be matched with the situation and that the situation can be changed to match leaders. Together, these theories make clear that leadership

is effective when the characteristics and behavior of the leader match the demands of the situation.

## **Glossary**

contingency theory of leadership

A theory advanced by Dr. Fred E. Fiedler that suggests that different leadership styles are effective as a function of the favorableness of the leadership situation least preferred.

Least-preferred coworker (LPC)

The person with whom the leader least likes to work.

path-goal theory of leadership

A theory that posits that leadership is path- and goal-oriented, suggesting that different leadership styles are effective as a function of the task confronting the group.



## Substitutes for and Neutralizers of Leadership

### 1. What does the concept “substitute for leadership” mean?

Several factors have been discovered that can substitute for or neutralize the effects of leader behavior (see [\[link\]](#) ).P.M. Podsakoff, B.P. Niehoff, S.B. MacKenzie, & M.L. Williams. 1993. Do substitutes for leadership really substitute for leadership: An empirical examination of Kerr and Jermier’s situational leadership model. *Organizational Behavior and Human Decision Processes* 54:1–44; S. Kerr. 1977. Substitutes for leadership: Some implications for organizational design. *Organization and Administrative Sciences* 8:135–146; S. Kerr & J.M. Jermier. 1978. Substitutes for leadership: Their meaning and measurement. *Organizational Behavior and Human Performance* 22:375– 403; J. P. Howell & P. W. Dorfman. 1981. Substitutes for leadership: Test of a construct. *Academy of Management Journal* 24:714– 728; J.L. Pierce, R.B. Dunham, & L.L. Cummings. 1984. Sources of environmental structuring and participant responses. *Organizational Behavior and Human Performance* 33:214–242. Substitutes for leadership behavior can clarify role expectations, motivate organizational members, or satisfy members (making it unnecessary for the leader to attempt to do so). In some cases, these substitutes supplement the behavior of a leader. Sometimes it is

a group member's characteristics that make leadership less necessary, as when a master craftsperson or highly skilled worker performs up to his or her own high standards without needing outside prompting. Sometimes the task's characteristics take over, as when the work itself—solving an interesting problem or working on a familiar job—is intrinsically satisfying. Sometimes the characteristics of the organization make leadership less necessary, as when work rules are so clear and specific that workers know exactly what they must do without help from the leader (see *An Inside Look* at flat management structure and the orchestra with no leader).

**Substitutes for  
and  
Neutralizers of  
Leader Behavior**

**Leader Behavior  
Influenced**

**Supportive or  
Neutralizer**

**Substitute  
Leadership**

**Instrumental  
Leadership**

*Source: Adapted  
from Leadership  
in organizations*

by G. A. Yukl.

A. Subordinate  
Characteristics:

- 1. Experience, ability, training
- 2. “Professional” orientation
- 3. Indifference toward rewards offered by organization

Substitute  
Substitute  
Neutralizer

Substitute  
Substitute  
Neutralizer

B. Task  
Characteristics:

- 1. Structured, routine, unambiguous task
- 2. Feedback provided by task
- 3. Intrinsically satisfying task

Substitute  
Substitute  
Substitute

Substitute  
Substitute

C. Organization  
Characteristics:

- 1. Cohesive work group
- 2. Low position power (leader lacks control over organizational rewards)

Substitute  
Neutralizer

Substitute  
Neutralizer

3. Formalization (explicit plans, goals, areas of responsibility)		Substitute
4. Inflexibility (rigid, unyielding rules and procedures)		Neutralizer
5. Leader located apart from subordinates with only limited communication possible	Neutralizer	Neutralizer

*Neutralizers* of leadership, on the other hand, are not helpful; they prevent leaders from acting as they wish. A computer-paced assembly line, for example, prevents a leader from using initiating structure behavior to pace the line. A union contract that specifies that workers be paid according to seniority prevents a leader from dispensing merit-based pay. Sometimes, of course, neutralizers can be beneficial. Union contracts, for example, clarify disciplinary proceedings and identify the responsibilities of both management and labor. Leaders must be aware of the presence of neutralizers and their effects so that they can eliminate troublesome neutralizers or take advantage of any potential benefits that accompany them (such as the clarity of responsibilities provided by a union contract). If a leader's effectiveness is

being neutralized by a poor communication system, for example, the leader might try to remove the neutralizer by developing (or convincing the organization to develop) a more effective system.

Followers differ considerably in their *focus of attention* while at work, thereby affecting the effectiveness of the act of leadership. Focus of attention is an employee's cognitive orientation while at work. It reflects what and how strongly an individual thinks about various objects, events, or phenomena while physically present at work. Focus of attention reflects an individual difference in that not all individuals have the same cognitive orientation while at work—some think a great deal about their job, their coworkers, their leader, or off-the-job factors, while others daydream.

D.G. Gardner, R.B. Dunham, L.L. Cummings, & J.L. Pierce. 1989. Focus of attention at work: Construct definition and empirical validation. *Journal of Occupational Psychology* 62:61–77. An employee's focus of attention has both “trait” and “state” qualities. For example, there is a significant amount of minute-by-minute variation in an employee's focus of attention (the “state” component), and there is reasonable consistency in the categories of events that employees think about while they are at work (the “trait” component).

Research suggests that the more followers focus on off-job (nonleader) factors, the less they will react to

the leader's behaviors. Thus, a strong focus on one's life "away from work" (for example, time with family and friends) tends to neutralize the motivational, attitudinal, and/or behavioral effects associated with any particular leader behavior. It has also been observed, however, that a strong focus on the leader, either positive or negative, enhances the impact that the leader's behaviors have on followers. [D.G. Gardner, R.B. Dunham, L.L. Cummings, & J.L. Pierce. 1987. Focus of attention at work and leader-follower relationships. \*Journal of Occupational Behaviour\* 8:277–294.](#)

### You Are Now the Leader

Leading and managing are two very different things. Being a manager means something more than gaining authority or charge over former colleagues. With the title does come the power to affect company outcomes, but it also comes with something more: the power to shape the careers and personal growth of subordinates.

According to Steve Keating, a senior manager at the Toro Company, it is important not to assume that being made a manager automatically makes you a leader. Rather, being a manager means having the *opportunity* to lead. Enterprises need managers to guide processes, but the employees—the people—need a leader. Keating believes that leaders need a mindset that emphasizes people,

and the leader's job is to help the people in the organization to be successful. According to Keating, "If you don't care for people, you can't lead them" (Hakim 2017 n.p.).

For someone who has been promoted over his peers, ground rules are essential. "Promotion doesn't mean the end of friendship but it does change it," according to Keating. If a *peer* has been promoted, rather than grouse and give in to envy, it is important to step back and look at the new manager; take a hard look at why the peer was promoted and what skill or characteristic made you a less appealing fit for the position (Hakim 2017).

Carol Walker, president of Prepared to Lead, a management consulting firm, advises new managers to develop a job philosophy. She urges new managers to develop a core philosophy that provides a guide to the day-to-day job of leading. She urges managers to build up the people they are leading and work as a "servant leader." The manager's perspective should be on employee growth and success. Leaders must bear in mind that employees don't work for the manager; they work for the organization—and for themselves. Managers coordinate this relationship; they are not the center of it. Work should not be assigned haphazardly, but with the employee's skills and growth in mind. "An employee who understands why she has been asked to do something is far more likely to assume true ownership for the assignment," Walker says (Yakowicz 2015 n.p.). A

leader's agenda should be on employee success, not personal glory. Employees are more receptive when they recognize that their leader is working not for their own success, but for the employee's success. A survey from HighGround revealed one important item that most new managers and even many seasoned managers overlook: asking for feedback. Everyone has room for growth, even managers. Traditional management dictates a top-down style in which managers review subordinates. But many companies have found it beneficial to turn things around and ask employees, "How can I be a better manager?" Of course, this upward review only works if employees believe that their opinion will be heard. Managers need to carefully cultivate a rapport where employees don't fear reprisals for negative feedback. Listening to criticism from those you are leading builds trust and helps ensure that as a manager, you are providing the sort of leadership that employees need to be successful (Kauflin 2017). Showing respect and caring for employees by asking this simple question is *inspiring*—an important aspect of leadership itself. Whether asking for feedback or focusing on an employee's fit with a particular job description, a leader helps guide employees through the day-to-day, builds a positive culture, and helps employees improve their skills.

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## Questions

1. What do you think are the most important qualities in a leader? In a manager? Are your two lists mutually exclusive? Why?
2. How do you think a leader can use feedback to model the growth process for employees?

1. Identify and describe substitutes of leadership.

1. What does the concept of “substitute for leadership” mean?

Characteristics of followers, tasks, and organizations can substitute for or neutralize many leader behaviors. Leaders must remain aware of these factors, no matter which perspective on leadership they adopt. Such awareness allows managers to use substitutes for, and neutralizers of, leadership to their benefit, rather than be stymied by their presence.

# Transformational, Visionary, and Charismatic Leadership

1. What are the characteristics of transactional, transformational, and charismatic leadership?

Many organizations struggling with the need to manage chaos, to undergo a culture change, to empower organizational members, and to restructure have looked for answers in “hiring the right leader.” Many have come to believe that the transformational, visionary, and charismatic leader represents the style of leadership needed to move organizations through chaos.

## The Transformational and Visionary Leader

Leaders who subscribe to the notion that “if it ain’t broke, don’t fix it” are often described as *transactional leaders*. They are extremely task oriented and instrumental in their approach, frequently looking for incentives that will induce their followers into a desired course of action. [G.A. Yukl. 1981. \*Leadership in organizations\*. Englewood Cliffs, NJ: Prentice-Hall.](#) These reciprocal exchanges take place in the context of a mutually interdependent relationship between the leader and the follower, frequently resulting in interpersonal

bonding. B. Kellerman. 1984. *Leadership: Multidisciplinary perspectives*. Englewood Cliffs, NJ: Prentice-Hall; F. L. Landy. 1985. *Psychology of work behavior*. Homewood, IL: Dorsey Press. The transactional leader moves a group toward task accomplishment by initiating structure and by offering an incentive in exchange for desired behaviors. The **transformational leader**, on the other hand, moves and changes (fixes) things “in a big way”! Unlike transactional leaders, they don’t cause change by offering inducements. Instead, they inspire others to action through their personal values, vision, passion, and belief in and commitment to the mission. J.M. Burns. 1978. *Leadership*. New York: Harper & Row; B. M. Bass. 1985. *Leadership and performance beyond expectations*. New York: Free Press. Through charisma (idealized influence), individualized consideration (a focus on the development of the follower), intellectual stimulation (questioning assumptions and challenging the status quo), and/or inspirational motivation (articulating an appealing vision), transformational leaders move others to follow.

The transformational leader is also referred to as a visionary leader. **Visionary leaders** are those who influence others through an emotional and/or intellectual attraction to the leader’s dreams of what “can be.” Vision links a present and future state, energizes and generates commitment, provides

meaning for action, and serves as a standard against which to assess performance. R.L. Daft. 2018. *The Leadership Experience* 7th edition. Mason, OH: Cengage Learning. Evidence indicates that vision is positively related to follower attitudes and performance. J. R. Baum, E. A. Locke, & S. A. Kirkpatrick. 1998. A longitudinal study of the relation of vision and vision communication to venture growth in entrepreneurial firms. *Journal of Applied Psychology* 83:43–54; J.M. Howell & P.J. Frost. 1989. A laboratory study of charismatic leadership. *Organizational Behavior and Human Decision Processes* 43:243–269. As pointed out by Warren Bennis, a vision is effective only to the extent that the leader can communicate it in such a way that others come to internalize it as their own. Bennis, 1989.

As people, transformational leaders are engaging. They are characterized by extroversion, agreeableness, and openness to experience. T. A. Judge & J.E. Bono. 2000. Five-factor model of personality and transformational leadership. *Journal of Applied Psychology* 85:751–765. They energize others. They increase followers' awareness of the importance of the designated outcome. R. Pillai, C.A. Schriesheim, & E.S. Williams. 1999. Fairness perceptions and trust as mediators for transformational and transactional leadership: A two-sample study. *Journal of Management* 25:897–933. They motivate individuals to transcend their

own self-interest for the benefit of the team and inspire organizational members to self-manage (become self-leaders). [C.C. Manz & H.P. Sims, Jr. 1987. Leading workers to lead themselves: The external leadership of self-managed work teams. \*Administrative Science Quarterly\* 32:106–129.](#)

Transformational leaders move people to focus on higher-order needs (self-esteem and self-actualization). When organizations face a turbulent environment, intense competition, products that may die early, and the need to move fast, managers cannot rely solely on organizational structure to guide organizational activity. In these situations, transformational leadership can motivate followers to be fully engaged and inspired, to internalize the goals and values of the organization, and to move forward with dogged determination!

Transformational leadership is positively related to follower satisfaction, performance, and acts of citizenship. These effects result from the fact that transformational leader behaviors elicit trust and perceptions of procedural justice, which in turn favorably impact follower satisfaction and performance. [Pillai, Schriesheim, & Williams, 1999.](#) As R. Pillai, C. Schriesheim, and E. Williams note, “when followers perceive that they can influence the outcomes of decisions that are important to them and that they are participants in an equitable relationship with their leader, their perceptions of procedural justice [and trust] are likely to be

enhanced.”[Ibid., 901](#). Trust and experiences of organizational justice promote leader effectiveness, follower satisfaction, motivation, performance, and citizenship behaviors.

## Charismatic Leadership

Ronald Reagan, Jesse Jackson, and Queen Elizabeth I have something in common with Martin Luther King Jr., Indira Gandhi, and Winston Churchill. The effectiveness of these leaders originates in part in their **charisma**, a special magnetic charm and appeal that arouses loyalty and enthusiasm. Each exerted considerable personal influence to bring about major events.

It is difficult to differentiate the charismatic and the transformational leader. True transformational leaders may achieve their results through the magnetism of their personality. In this case, the two types of leaders are essentially one and the same, yet it is important to note that not all transformational leaders have a personal “aura.”

Sociologist Max Weber evidenced an interest in charismatic leadership in the 1920s, calling **charismatic leaders** people who possess legitimate power that arises from “exceptional sanctity, heroism, or exemplary character.”[S.N. Eisenstadt. 1968. \*Max Weber: On charisma and institution\*](#)

*building*. Chicago: University of Chicago Press, 46.

Charismatic leaders “single-handedly” effect changes even in very large organizations. Their personality is a powerful force, and the relationship that they forge with their followers is extremely strong.

**Travis Kalanick**

Travis Kalanick was a praised CEO of Uber who managed to increase the value of the company to over \$60 billion. He was forced to resign after taking a leave of absence and having several key executives resign due to allegations of creating a hostile and unethical workplace.



The charismatic leadership phenomenon involves a complex interplay between the attributes of the leader and followers’ needs, values, beliefs, and perceptions. **J.A. Conger & R.N. Kanungo. 1987.** *Toward a behavioral theory of charismatic*



leadership in organizational settings. *Academy of Management Review* 12:637–647; Howell & Frost, 1989. At its extreme, leader-follower relationships are characterized by followers' unquestioning acceptance; trust in the leader's beliefs; affection; willing obedience to, emulation of, and identification with the leader; emotional involvement with his mission; and feelings of self-efficacy directed toward the leader's mission. R.J. House & M.L. Baetz. 1979. Leadership: Some empirical generalizations and new research directions. *Research in Organizational Behavior* 1:341–423; Conger and Kanungo, 1987. This can work to better the welfare of individuals, such as when Lee Iacocca saved thousands of jobs through his dramatic turnaround of a failing corporate giant, the Chrysler Corporation. It also can be disastrous, as when David Koresh led dozens and dozens of men, women, and children to their fiery death in Waco, Texas. Individuals working for charismatic leaders often have higher task performance, greater task satisfaction, and lower levels of role conflict than those working for leaders with considerate or structuring behaviors. Howell & Frost, 1989. What are the characteristics of these people who can exert such a strong influence over their followers? Charismatic leaders have a strong need for power and the tendency to rely heavily on referent power as their primary power base. R. J. House. 1977. A 1976 theory of charismatic leadership. In J. G. Hunt & L. L. Larson (eds.). *Leadership: The cutting edge*.

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Charismatic leaders also are extremely self-confident and convinced of the rightness of their own beliefs and ideals. This self-confidence and strength of conviction make people trust the charismatic leader's judgment, unconditionally following the leader's mission and directives for action.

A. R. Willner. 1984. *The spellbinders: Charismatic political leadership*. New Haven, CT: Yale University Press.

The result is a strong bond between leader and followers, a bond built primarily around the leader's personality.

Although there have been many effective charismatic leaders, those who succeed the most have coupled their charismatic capabilities with behaviors consistent with the same leadership principles followed by other effective leaders. Those who do not add these other dimensions still attract followers but do not meet organizational goals as effectively as they could. They are (at least for a time) the pied pipers of the business world, with lots of followers but no constructive direction.

### Uber's Need for an Ethical Leader

Almost since its initial founding in 2009 as a luxury car service for the San Francisco area, controversy has followed Uber. Many complaints are against the tactics employed by the company's

founder and former CEO, Travis Kalanick, but the effects are found throughout the business and its operations.

In 2009, UberBlack was a “black car” service, a high-end driving service that cost more than a taxi but less than hiring a private driver for the night. It wasn’t until 2012 that the company launched UberX, the taxi-esque service most people think of today when they say “Uber.” The UberX service contracted with private drivers who provided rides in their personal vehicles. A customer would use Uber's smartphone app to request the ride, and a private driver would show up. Originally launched in San Francisco, the service spread quickly, and by 2017, Uber was in 633 cities. The service was hailed by many as innovative and the free market's answer to high-priced and sometimes unreliable taxi services. But Uber has not been without its critics, both inside and outside of the company. In 2013, as the UberX service spread, some UberBlack drivers protested at the company’s headquarters complaining about poor company benefits and pay. They also claimed that competition from the newly launched UberX service was cutting into their sales and undermining job security. Kalanick rebuffed the protests, basically calling the complaints sour grapes: most of the protestors had been laid off earlier for poor service (Lawler 2013). Controversy also arose over the use of contract drivers rather than full-time employees. Contractors complained

about a lack of benefits and low wages.

Competitors, especially taxi services, complained that they were being unfairly undercut because Uber didn't have to abide by the same screening process and costs that traditional yellow taxi companies did. Some municipalities agreed, arguing further than Uber's lack of or insufficient screening of drivers put passengers at risk.

Uber quickly generated a reputation as a bully and Kalanick as an unethical leader (Ann 2016). The company has been accused of covering up cases of sexual assault, and Kalanick himself has been quoted as calling the service "Boob-er," a reference to using the service to pick up women (Ann 2016). Uber has been criticized for its recruiting practices; in particular, it has been accused of bribing drivers working for competitors to switch over and drive for Uber (Ann 2016). The company was also caught making false driver requests for competing companies and then canceling the order. The effect was to waste the other driver's time and make it more difficult for customers to secure rides on the competing service (D'Orazio 2014). Susan J. Fowler, former site reliability engineer at Uber, went public with cases of outright sexual harassment within Uber (Fowler 2017). Former employees described Uber's corporate culture as an "a\*\*hole culture" and a "'Hobbesian jungle' where you can never get ahead unless someone else dies." (Wong 2017) One employee described a leadership that encouraged a company practice of developing

incomplete solutions for the purpose of beating the competitor to market. Fowler went so far as to compare the experience to Game of Thrones, and other former employees even consider "making it" at Uber a black mark on a resume (Wong 2017). In terms of social acrimony and PR disasters, arguably caused or even encouraged by leadership, Uber's rise to notoriety has arguably been more bad than good. In June 2017, Kalanick made one too many headlines and agreed to step down as the company's CEO.

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## Questions

1. In the summer of 2017, Transport of London (TfL) began proceedings to revoke Uber's permit to operate in London. How do think Uber's poor corporate reputation may have been a factor in TfL's thinking?
2. What steps do you think Uber's new CEO, Dara Khosrowshahi, needs to take to repair Uber's reputation?
3. Despite Uber's apparent success in launching in multiple markets, it continues to post quarterly losses in the millions and shareholders effectively subsidize 59 percent of every ride (<https://www.reuters.com/article/us-uber-profitability/true-price-of-an-uber-ride-in-question-as-investors-assess-firms-value-idUSKCN1B3103>). How is this an outworking of Uber's overall corporate culture?

# 1. What are the defining characteristics of transformational and charismatic leaders?

## 1. What are the characteristics of transactional, transformational, and charismatic leadership?

In recent years, there has been a renewed interest in key leader traits and behaviors. As organizations face increasing amounts of chaos in their external environments, searches for “the right leader” who can bring about major organizational transformations has intensified. This search once again focuses our attention on a set of “key” motives, knowledge, skills, and personality attributes. Emerging from this search has been the identification of the charismatic and transformational leader.

## Glossary

### charisma

A special personal magnetic charm or appeal that arouses loyalty and enthusiasm in a leader-follower relationship.

### charismatic leader

A person who possesses legitimate power that

arises from “exceptional sanctity, heroism, or exemplary character.”

transformational leader

A leader who moves and changes things “in a big way” by inspiring others to perform the extraordinary.

visionary leader

A leader who influences others through an emotional and/or intellectual attraction to the leader’s dreams of what “can be.”



# Leadership Needs in the 21st Century

1. How do different approaches and styles of leadership impact what is needed now?

Frequent headlines in popular business magazines like *Fortune* and *Business Week* call our attention to a major movement going on in the world of business. Organizations are being reengineered and restructured, and network, virtual, and modular corporations are emerging. People talk about the transnational organization, the boundaryless company, the post-hierarchical organization. By the end of the decade, the organizations that we will be living in, working with, and competing against are likely to be vastly different from what we know today.

The transition will not be easy; uncertainty tends to breed resistance. We are driven by linear and rational thinking, which leads us to believe that “we can get there from here” by making some incremental changes in who we are and what we are currently doing. Existing paradigms frame our perceptions and guide our thinking. Throwing away paradigms that have served us well in the past does not come easily.

A look back tells most observers that the past decade has been characterized by rapid change, intense competition, an explosion of new

technologies, chaos, turbulence, and high levels of uncertainty. A quick scan of today's business landscape suggests that this trend is not going away anytime soon. According to Professor Jay A. Conger from Canada's McGill University, "In times of great transition, leadership becomes critically important. Leaders, in essence, offer us a pathway of confidence and direction as we move through seeming chaos. The magnitude of today's changes will demand not only *more* leadership, but *newer forms* of leadership."Conger, 1993.

According to Conger, two major forces are defining for us the genius of the next generation of leaders. The first force is the organization's external environment. Global competitiveness is creating some unique leadership demands. The second force is the growing diversity in organizations' internal environments. Diversity will significantly change the relationship between organizational members, work, and the organization in challenging, difficult, and also very positive ways.

What will the leaders of tomorrow be like? Professor Conger suggests that the effective leaders of the 21st century will have to be many things. Ibid. They will have to be *strategic opportunists*; only organizational visionaries will find strategic opportunities before competitors. They will have to be *globally aware*; with 80 percent of today's organizations facing significant foreign competition, knowledge of

foreign markets, global economics, and geopolitics is crucial. They will have to be *capable of managing a highly decentralized organization*; movement toward the high-involvement organization will accelerate as the environmental demands for organizational speed, flexibility, learning, and leanness increase. They will have to be *sensitive to diversity*; during the first few years of the 21st century, fewer than 10 percent of those entering the workforce in North America will be white, Anglo-Saxon males, and the incoming women, minorities, and immigrants will bring with them a very different set of needs and concerns. They will have to be *interpersonally competent*; a highly diverse workforce will necessitate a leader who is extremely aware of and sensitive to multicultural expectations and needs. They will have to be *builders of an organizational community*; work and organizations will serve as a major source of need fulfillment, and in the process leaders will be called on to help build this community in such a way that organizational members develop a sense of ownership for the organization and its mission.

Finally, it is important to note that leadership theory construction and empirical inquiry are an ongoing endeavor. While the study of traits, behavior, and contingency models of leadership provide us with a great deal of insight into leadership, the mosaic is far from complete. During the past 15 years, several new theories of leadership

have emerged; among them are leader-member exchange theory, implicit leadership theory, neocharismatic theory, value-based theory of leadership, and visionary leadership, [House & Aditya, 1997](#). each of which over time will add to our bank of knowledge about leaders and the leadership process.

Leaders of the 21st-century organization have a monumental challenge awaiting them and a wealth of self-enriching and fulfilling opportunities. The challenge and rewards awaiting effective leaders are awesome!

<p>1. What is the role of leadership in the 21st century?</p>
---------------------------------------------------------------

1. How do different approaches and styles of leadership impact what is needed now?

Leadership in the high-involvement organization differs dramatically from that in the traditional and control-oriented organization. Leaders external to the team have as one of their primary roles empowering group members and the teams

themselves to self-lead and self-manage. Leaders internal to the team are peers; they work alongside and simultaneously facilitate planning, organizing, directing, controlling, and the execution of the team's work.

Although we know a great deal about the determinants of effective leadership, we have much to learn. Each theory presented in this chapter is put into practice by managers every day. None provides the complete answer to what makes leaders effective, but each has something important to offer.

Finally, our understanding of leadership has many shortcomings and limitations. The existing literature is largely based on observations from a Western industrialized context. The extent to which our theories of leadership are bound by our culture, limiting generalization to other cultures, is largely unknown. Cross-cultural leadership research will no doubt intensify as the global economy becomes an ever more dominant force in the world.

## **Chapter Review Questions**

1. Define leadership and distinguish between leadership and management.
2. Discuss the processes associated with people coming to positions of leadership.
3. Discuss the different forms of power available

- to leaders and the effects associated with each.
4. It has been observed that effective leaders have the “right stuff.” What traits are commonly associated with leader emergence and effective leaders?
  5. Both the Ohio State University and University of Michigan leadership studies identified central leader behaviors. What are these behaviors, and how are they different from one another?
  6. Blake and Mouton’s work with the Leadership Grid® identified several leadership types. What are they, and how does this leadership model look from the perspective of situation theories of leadership?
  7. Identify and describe the three situational variables presented in Fiedler’s contingency theory of leadership.
  8. What are the four leadership behaviors in the path-goal theory of leadership?
  9. Discuss the differences between the internal and external leadership roles surrounding self-managed work teams.
  10. What are substitutes for leadership? What are neutralizers? Give an example of each.
  11. What are the distinguishing features of the transformational and the charismatic leader?

## **Management Skills Application Exercises**

1. Identify a charismatic leader and a leader with little charisma. What are the traits and skills that allow them to succeed in their roles? How can you incorporate the traits that allow them to be successful in their roles into the skills you will need to have in a leadership position?
2. You have just taken a leadership position where 40 percent of the workforce telecommutes. You want to encourage teamwork and want to ensure that telecommuting is not hurting teamwork. What is your plan to discover how things are working and how to communicate your desire to have effective teamwork?
3. You are at a meeting, and during the meeting someone on the team addresses their manager and points out a crucial mistake that could doom the project. The person says that their manager should have caught it and because of that should resign. As a leader of the group, how would you deal with the subordinate, the manager, and communication with the entire team?

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## **Managerial Decision Exercises**

1. You are the newly appointed commissioner of a major sports league that is currently in a very

public game three of a best-of-seven-game playoff. After an emotional opening ceremony that recognizes a tragic event in the community that is widely praised, you settle in to enjoy the game. Early in the game, a player on one team is seen celebrating a scoring play by acting out a racially insensitive behavior after the play. How would you act in a leadership position? Read the ESPN article [[http://www.espn.com/mlb/story/\\_/id/21199462/rob-manfred-leadership-was-tested-yuli-gurriel-racially-insensitive-behavior-passed](http://www.espn.com/mlb/story/_/id/21199462/rob-manfred-leadership-was-tested-yuli-gurriel-racially-insensitive-behavior-passed)] and comment on how this commissioner acted in this instance.

2. One of the challenges for a new manager in a leadership position is managing stress. Reflect on a time in your life where you have taken a leadership role in a summer job, as a member of a team, or in a study group for this or another course. Develop a stress management plan that includes how you can recognize stress, how you will notice the stress, how you will manage changes to address stress, and how you will seek outside counsel and help, including a mentor to help you manage stress.
3. Few people would want to hire a skilled manager with no leadership skills, and you would not want to hire an inspirational leader who can't manage planning, delegating, or keeping things organized. Draw two "T accounts" with positive attributes on the left



and negative attributes on the right for managerial skills and leadership skills that you would look for as a hiring manager for a crucial managerial and leadership position in your organization.

Managerial Skills		Leadership Skills	
+	-	+	-

## Critical Thinking Case

### The Leadership Challenge at United

Anyone who has traveled even a little has at least one airline horror story: being stranded at an airport, obnoxious passengers, missed connections, flight delays, or just bad in-flight food. Even the

most seasoned travelers would be hard-pressed to match Dr. David Dao's experience of being forcibly removed, kicking and screaming, from a United Airlines flight. Most airline horror stories don't end in a concussion, missing teeth, and a broken nose.

United Airlines CEO Oscar Munoz's strangely detached response only made things worse. The incident was caught on video, and that video went viral almost immediately. Munoz issued a response that mischaracterized what plainly happened in the video and termed the violent assault as a passenger "re-accommodation" (Taylor 2017). Social media erupted with condemnation, which was echoed by late-night monologues. United was left with a damaged reputation, and its management was left wondering why their processes failed, what to do to mitigate the damage, and how to both restore their reputation and ensure that company values are followed in the future.

William Taylor (2017), in a commentary in *Fortune*, attributes United's "re-accommodation" disaster as the product of company policy, airport security procedures, pilot protocols, and the "wisdom of crowds." At each step, the gate agent, pilot, airport security, and the passengers themselves could have intervened but didn't.

Brian Fielkow, business leader, author, and keynote speaker, writing at Entrepreneur.com, outlined some

points that apply to Munoz's response and the first reactions by United. Citing United's core values, Fielkow points to Munoz's failure to address the incident in light of the company's values, take the blame, or even accurately describe what happened on the plane. Any *one* of these lapses in leadership would have caused confusion or stymied the recovery process. As a leader, Munoz was setting the tone for thousands of people. Seemingly abandoning United's core values likely caused a rift in trust or just simple confusion company-wide. Miscasting the situation in a world of smartphones and social media reach only multiplied the effect. As a leader, Munoz was duty-bound to take responsibility for what literally the entire world saw—a breach of social ethics, let alone United's core values. Failing to do this immediately created a problem larger than poorly planned company policy or just a perfect storm of contributing outside factors. Fielkow is keen to point out another crucial part of a company response— “You can't walk it back” (2017 n.p.). Before responding, leadership should take time to gather the facts and thoroughly consider the possibilities of how the message will be received. Again, Munoz's response failed at several key points, leading to the perception that Munoz's second statement was “an attempt at damage control” (Fielkow 2017 n.p.).

Al Bolea, a leadership trainer, also attributes the incident to leadership failure. In a piece written for

*Applied Leadership*, Bolea writes, “It’s about front line employees getting the wrong messages from the most senior levels of the company.” He contends that the mindset within United put procedures above context in the minds of the employees. What the gate agents should have considered was the company’s reputation, which should have prevented them from doing something most airline customers see as “profoundly immoral” (Bolea 2017 n.p.)

William C. Taylor, cofounder of Fast Company, also criticized the lack of leadership across United. As the presumptive leader of the flight, shouldn’t the pilot have done something? Why didn’t the gate agent think outside the box to solve the problem of getting the crew members from Chicago to Louisville, Kentucky? Why didn’t—or couldn’t—the gate agent use what Taylor refers to as a “common sense and a little bit of creativity” and prevent a highly embarrassing (and ultimately expensive) fiasco? Taylor muses that he would like to think he would have done more than shoot video, but the passengers on the flight remained quiet and submissive, expressing no group outrage. Finally, Taylor questions the weak initial response from United’s CEO, Oscar Munoz, writing, “If CEO Oscar Munoz’s goal was to make a disastrous situation even worse, well, he gets credit as a leader for succeeding at that” (2017 n.p.). And of the board, he questions their response, and says that response will be a “make or break test” of the company’s

character (Taylor 2017).

So what will it take to lead United out of such a public mistake?

According to Brian Fielkow, the incident flew in the face of United's core values, values which should never be sacrificed. United should have acknowledged this and addressed that failure. United should have held itself accountable for the incident rather than try to deflect blame. Fielkow contends that Munoz's first response was to blame the passenger when Munoz should have accepted responsibility instead. Further, Fielkow writes that companies should anticipate what "can" go wrong, something the gate agents at United failed to do. Increasing passenger compensation to even three times the normal ticket price would have been cheaper than the PR nightmare (and stock price drop) that followed. After Munoz's tepid response failed to quell general complaints about United's handling of the passenger, he tried to issue a second "more appropriate" statement, but by then the damage had been done. Fielkow recommends waiting before issuing a response if need be. It's better to prepared and issue a suitable response than to try to walk back a bad response. Above all, Fielkow recommends leaders "be human." The first response Munoz gave had little empathy and made him, and United, appear insensitive and callous. A company's first response should be to empathize

with the customer, even if the customer is wrong. He writes, “When triaging a difficult problem, above all recognize the human factor” (Fielkow 2017 n.p.).

Writing in *Forbes*, Glenn Llopis emphasizes that how managers react to failure shapes their futures as leaders. Not only how leaders respond, but what is learned from a failure, will affect how future decisions are approached. Remember, you have to be doing something to fail, and if you never fail, then you aren’t stretching yourself. Venturing into the unknown and unfamiliar always risks failure (Llopis 2012).

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#2f44c3873e70

### **Critical Thinking Questions:**

1. How have other airlines handled similar situations?
2. How much was in United Airlines's control, and how much was actually outside their control? What social or company factors caused a seemingly common practice to escalate to this level?
3. How did the other airlines or the industry respond to the United Airlines incident?

## Introduction

class = "introduction" (Credit: GLady/ Pixabay/ (CC BY 0))



## Learning Outcomes

**After reading this chapter, you should be able to answer these questions:**

1. What are mechanistic versus organic organizational structures?
2. What are the fundamental dimensions of change?
3. How do managers deal with change?

**Jackie Smith, CareSource University**

Jackie Smith is a human resources, training and organizational development professional with more than 20 years of experience. She has worked in a variety of organizations and industries in both the



for-profit and not-for-profit sectors.

Jackie is vice president of CareSource University at CareSource, a Medicaid managed care organization. She oversees CareSource University as well as the company's performance management, succession, and goal-setting processes. In 2017 CSU delivered more than 240,000 learning hours, coached 300 leaders, and onboarded 1,100 new hires. CareSource University has been nationally recognized for seven years as one of *Training* magazine's Top 125 training organizations, ranking in the top 19 for six years. In 2017, CSU was named to the global Learning Elite, ranking 18th among worldwide organizations. Prior to CareSource, Jackie was president of Reflections on Learning, a performance-consulting firm, and worked as a senior organizational development consultant, regional human resources manager, training specialist, and manager in the financial services, retail, and transportation industries. Jackie's instructional focus has been in the area of leadership development, designing programs including:

- Developing Your Leadership Vision
- Leading through Extraordinary Change
- Transforming Team Performance through Dialogue
- Building Sustainable Strategy with Appreciative Inquiry

Her educational background includes a BS in education from Miami University, Ohio and Luxembourg and an MS in organizational development and leadership from St. Joseph's University in Philadelphia. In addition, she has served as an adjunct faculty member at Antioch McGregor University and is a certified facilitator in a variety of training and development programs, organizational assessments, and Myers-Briggs profiling. She also serves as a team leader facilitating business strategy sessions in countries around the world including Ecuador, Jordan, Guinea, and Senegal.

This chapter will cover several concepts that deal with how leaders develop and shape organizations. An understanding of the concepts in this chapter is essential for leaders who need to pull people together to accomplish the essential work of a business in a consistent process over time. We will address the essential ideas.

# Organizational Structures and Design

## 1. What are mechanistic versus organic organizational structures?

First, an **organizational structure** is a system for accomplishing and connecting the activities that occur within a work organization. People rely on structures to know what work they should do, how their work supports or relies on other employees, and how these work activities fulfill the purpose of the organization itself.

Second, **organizational design** is the process of setting up organizational structures to address the needs of an organization and account for the complexity involved in accomplishing business objectives.

Next, **organizational change** refers to the constant shifts that occur within an organizational system—for example, as people enter or leave the organization, market conditions shift, supply sources change, or adaptations are introduced in the processes for accomplishing work. Through **managed change**, leaders in an organization can intentionally shape how these shifts occur over time.

Finally, **organizational development (OD)** is the label for a field that specializes in change management. OD specialists draw on social science

to guide change processes that simultaneously help a business achieve its objectives while generating well-being for employees and sustainable benefits for society. An understanding of OD practices is essential for leaders who want to maximize the potential of their organizations over a long period of time.

Together, an understanding of these concepts can help managers know how to create and direct organizations that are positioned to successfully accomplish strategic goals and objectives. [For an in-depth exploration of the field of organizational development and change, see Cummings, Thomas G. and Worley, Christopher G., \*Organization Development and Change\*, 11<sup>th</sup> edition, Cengage Learning, 2019.](#)

To understand the role of organizational structure, consider the experience of Justin, a young manager who worked for a logistics and transportation company. His success at leading change in the United States gave his leaders the confidence that he could handle a challenging assignment: organize a new supply chain and distribution system for a company in Northern Europe. Almost overnight, Justin was responsible for hiring competent people, forming them into a coherent organization, training them, and establishing the needed infrastructure for sustained success in this new market.

If you were given this assignment, what would you do? How would you organize your employees? How would you help them understand the challenge of setting up a new organization and system? These are the kinds of questions that require an understanding of organizational structure, organizational design, organizational change, and organizational development.

One of the first issues Justin will need to address deals with how he will organize the system he will manage. “The decisions about the structure of an organization are all related to the concept of organizational design. There are two fundamental forms of structure to remember when designing an organization.

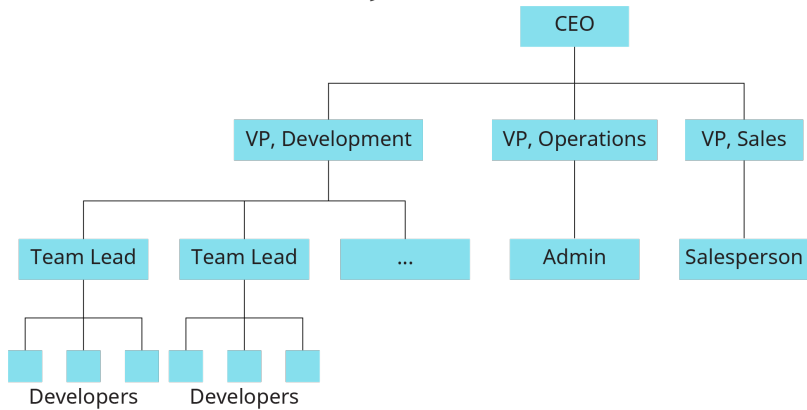
To address these questions, we need to be familiar with two fundamental ways of building an organization.

The **formal organization** is an officially defined set of relationships, responsibilities, and connections that exist across an organization. The traditional organizational chart, as illustrated in [\[link\]](#), is perhaps the most common way of depicting the formal organization. The typical organization has a hierarchical form with clearly defined roles and responsibilities.

**Formal Organizational Chart**

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When Justin sets up his formal organization, he will need to design the administrative responsibilities and communication structures that should function within an organizational system. The formal systems describe how flow of information and resources should occur within an organization. To establish the formal organization, he will identify the essential functions that need to be part of the system, and he will hire people to fill these functions. He will then need to help employees learn their functions and how these functions should relate to one another.

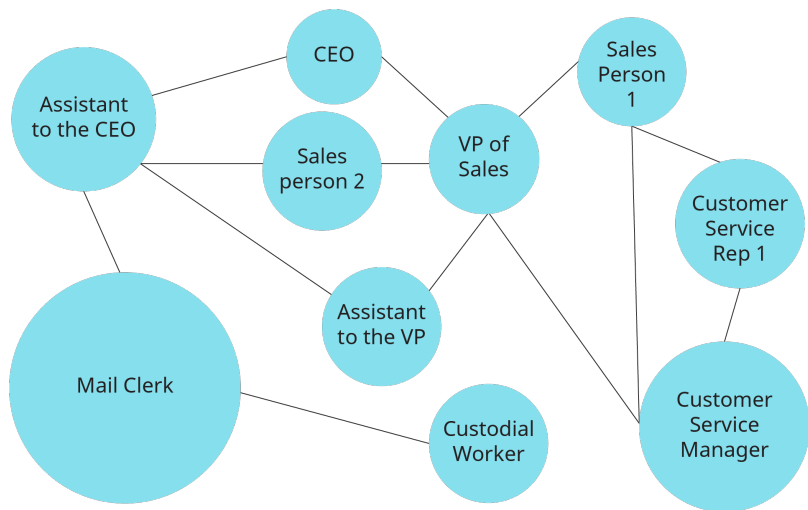
The **informal organization** is sometimes referred to as the invisible network of interpersonal relationships that shape how people actually connect with one another to carry out their activities. The informal organization is emergent, meaning that it is formed through the common conversations and relationships that often naturally

occur as people interact with one another in their day-to-day relationships. It is usually complex, impossible to control, and has the potential to significantly influence an organization's success.

As depicted in [\[link\]](#), the informal organization can also be mapped, but it is usually very different than the formal organization. The chart you see in this example is called a network map, because it depicts the relationships that exist between different members of a system. Some members are more central than others, and the strength of relationships may vary between any two pairs or groups of individuals. These relationships are constantly in flux, as people interact with new individuals, current relationships evolve, and the organization itself changes over time. [Katz, D. and Kahn, R. L., \*The Social Psychology of Organizations\*, 2nd edition, John Wiley and Sons, 1978; and Schein, Edgar, \*Organizational Psychology\*, 3rd edition, Prentice Hall, 1980.](#)

### Informal Organizational Chart

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The informal organization in Justin's design will form as people begin interacting with one another to accomplish their work. As this occurs, people will begin connecting with one another as they make sense of their new roles and relationships. Usually, the informal organization closely mirrors the formal organization, but often it is different. People quickly learn who the key influencers are within the system, and they will begin to rely on these individuals to accomplish the work of the organization. The informal organization can either help or hinder an organization's overall success.

In sum, the formal organization explains how an organization *should* function, while the informal organization is how the organizational *actually* functions. Formal organization will come as Justin hires and assigns people to different roles. He can influence the shape of the informal organization by



giving people opportunities to build relationships as they work together. Both types of structures shape the patterns of influence, administration, and leadership that may occur through an organizational system.

As we continue our discussion of structure and design, we will next examine different ways of understanding formal structure.

## **Types of Formal Organizational Structures**

Now, Justin will need to choose and implement an administrative system for delegating duties, establishing oversight, and reporting on performance. He will do this by designing a formal structure that defines the responsibilities and accountability that correspond to specific duties throughout an organizational system. In this section, we'll discuss the factors that any manager should consider when designing an organizational structure.

**Smoke coming out of chapel chimney**

Almost all organizations have established organizational hierarchies and customs. As an older, large organization, the Catholic Church has a tall global structure with the pope in the Vatican at the apex. A process of succession has the cardinals voting on a new pope, and white smoke billowing

out of the Sistine Chapel signals that they have chosen the new pope. (Credit: Jeffrey Bruno/ flickr/ Attribution 2.0 Generic (CC BY 2.0))



## Bureaucracy

One of the most common frameworks for thinking about these issues is called the **bureaucratic model**. It was developed by Max Weber, a 19th-century sociologist. Weber's central assumption was that organizations will find efficiencies when they divide the duties of labor, allow people to specialize, and create structure for coordinating their differentiated efforts, usually within a hierarchy of responsibility. He proposed five elements of bureaucracy that serve as a foundation for determining an appropriate structure: specialization, command-and-control, span of control, centralization, and formalization. [Weber, Max, From](#)

*Max Weber: Essays in Sociology*, Oxford University Press, 1958.

## Specialization

The degree to which people are organized into subunits according to their expertise is referred to as **specialization**—for example, human resources, finance, marketing, or manufacturing. It may also include specialization within those functions. For instance, people who work in a manufacturing facility may be well-versed in every part of a manufacturing process, or they may be organized into specialty units that focus on different parts of the manufacturing process, such as procurement, material preparation, assembly, quality control, and the like.

## Command-and-Control

The next element to consider is the reporting and oversight structure of the organization. **Command-and-control** refers to the way in which people report to one another or connect to coordinate their efforts in accomplishing the work of the organization.

## Span of Control

Another question addresses the scope of the work

that any one person in the organization will be accountable for, referred to as **span of control**. For instance, top-level leaders are usually responsible for all of the work of their subordinates, mid-level leaders are responsible for a narrower set of responsibilities, and ground-level employees usually perform very specific tasks. Each manager in a hierarchy works within the span of control of another manager at a level of the organization.

## **Centralization**

The next element to consider is how to manage the flows of resources and information in an organization, or its **centralization**. A highly centralized organization concentrates resources in only one or very few locations, or only a few individuals are authorized to make decisions about the use of resources. In contrast, a diffuse organization distributes resources more broadly throughout an organizational system along with the authority to make decisions about how to use those resources.

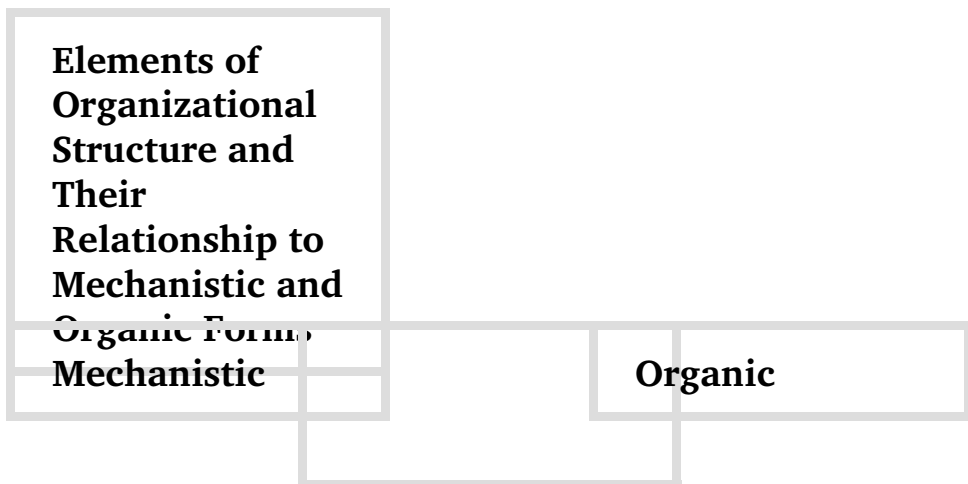
## **Formalization**


The last element of bureaucracy, **formalization**, refers to the degree of definition in the roles that exist throughout an organization. A highly formalized system (e.g., the military) has a very defined organization, a tightly structured system, in

which all of the jobs, responsibilities, and accountability structures are very clearly understood. In contrast, a loosely structured system (e.g., a small, volunteer nonprofit) relies heavily on the emergent relationships of informal organization.

## Mechanistic and Organic Structures

Using the principles of bureaucracy outlined above, managers like Justin have experimented with many different structures as way to shape the formal organization and potentially to capture some of the advantages of the informal organization. Generally, the application of these principles leads to some combination of the two kinds of structures that can be seen as anchors on a continuum (see [\[link\]](#) ).



		
Highly formalized	Standardization Low	
High/Narrow	Specialization	Low/Broad
Centralized	Centralization	Decentralized
Functional	Departmentalization	Divisional

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On one end of the continuum is **mechanistic bureaucratic structure**. This is a strongly hierarchical form of organizing that is designed to generate a high degree of standardization and control. Mechanistic organizations are often characterized by a highly **vertical organizational structure**, or a “tall” structure, due to the presence of many levels of management. A mechanistic structure tends to dictate roles and procedure through strong routines and standard operating practices.

In contrast, an **organic bureaucratic structure** relies on the ability of people to self-organize and make decisions without much direction such that they can adapt quickly to changing circumstances. In an organic organization, it is common to see a **horizontal organizational structure**, in which many individuals across the whole system are empowered to make organizational decision. An organization with a horizontal structure is also

known as a **flat organization** because it often features only a few levels of organizational hierarchy.

The principles of bureaucracy outlined earlier can be applied in different ways, depending on the context of the organization and the managers' objectives, to create structures that have features of either mechanistic or organic structures.

For example, the degree of specialization required in an organization depends both on the complexity of the activities the organization needs to account for and on the scale of the organization. A more organic organization may encourage employees to be both specialists and generalists so that they are more aware of opportunities for innovation within a system. A mechanistic organization may emphasize a strong degree of specialization so that essential procedures or practices are carried out with consistency and predictable precision. Thus, an organization's overall objectives drive how specialization should be viewed. For example, an organization that produces innovation needs to be more organic, while an organization that seeks reliability needs to be more mechanistic.

Similarly, the need for a strong environment of command-and-control varies by the circumstances of each organization. An organization that has a strong command-and-control system usually

requires a vertical, tall organizational administrative structure. Organizations that exist in loosely defined or ambiguous environments need to distribute decision-making authority to employees, and thus will often feature a flat organizational structure.

The span of control assigned to any specific manager is commonly used to encourage either mechanistic or organic bureaucracy. Any manager's ability to attend to responsibilities has limits; indeed, the amount of work anyone can accomplish is finite. A manager in an organic structure usually has a broad span of control, forcing her to rely more on subordinates to make decisions. A manager in a mechanistic structure usually has a narrow span of control so that she can provide more oversight. Thus, increasing span of control for a manager tends to flatten the hierarchy while narrowing span of control tends to reinforce the hierarchy.

Centralization addresses assumptions about how an organization can best achieve efficiencies in its operations. In a mechanistic structure, it is assumed that efficiencies will occur in the system if the resources and decisions flow through in a centralized way. In an organic system, it is assumed that greater efficiencies will be seen by distributing those resources and having the resources sorted by the users of the resources. Either perspective may work, depending on the circumstances.



Finally, managers also have discretion in how tightly they choose to define the formal roles and responsibilities of individuals within an organization. Managers who want to encourage organic bureaucracy will resist the idea of writing out and tightly defining roles and responsibilities. They will encourage and empower employees to self-organize and define for themselves the roles they wish to fill. In contrast, managers who wish to encourage more mechanistic bureaucracy will use tools such as standard operating procedures (SOPs) or written policies to set expectations and exercise clear controls around those expectations for employees.

When a bureaucratic structure works well, an organization achieves an appropriate balance across all of these considerations. Employees specialize in and become highly advanced in their ability to perform specific functions while also attending to broader organizational needs. They receive sufficient guidance from managers to stay aligned with overall organizational goals. The span of control given to any one manager encourages them to provide appropriate oversight while also relying on employees to do their part. The resources and decision-making necessary to accomplish the goals of the organization are efficiently managed. There is an appropriate balance between compliance with formal policy and innovative action.

# Functional Structures

Aside from the considerations outlined above, organizations will often set structures according to the functional needs of the organization. A functional need refers to a feature of the organization or its environment that is necessary for organizational success. A functional structure is designed to address these organizational needs. There are two common examples of functional structures illustrated here.

**Product structures** exist where the business organizes its employees according to product lines or lines of business. For example, employees in a car company might be organized according to the model of the vehicle that they help to support or produce. Employees in a consulting firm might be organized around a particular kind of practice that they work in or support. Where a functional structure exists, employees become highly attuned to their own line of business or their own product.

**Geographic structures** exist where organizations are set up to deliver a range of products within a geographic area or region. Here, the business is set up based on a territory or region. Managers of a particular unit oversee all of the operations of the business for that geographical area.

In either functional structure, the manager will

oversee all the activities that correspond to that function: marketing, manufacturing, delivery, client support systems, and so forth. In some ways, a functional structure is like a smaller version of the larger organization—a smaller version of the bureaucracy that exists within the larger organization.

One common weakness of a bureaucratic structure is that people can become so focused on their own part of the organization that they fail to understand or connect with broader organizational activities. In the extreme, bureaucracy separates and alienates workers from one another. These problems can occur when different parts of an organization fail to communicate effectively with one another.

Some organizations set up a **matrix structure** to minimize the potential for these problems. A matrix structure describes an organization that has multiple reporting lines of authority. For example, an employee who specializes in a particular product might have both the functional reporting line and a geographic reporting line. This employee has accountability in both directions. The functional responsibility has to do with her specialty as it correlates with the strategy of the company as a whole. However, her geographic accountability is to the manager who is responsible for the region or part of the organization in which she is currently working. The challenge is that an employee may be

accountable to two or more managers, and this can create conflict if those managers are not aligned. The potential benefit, however, is that employees may be more inclined to pay attention to the needs of multiple parts of the business simultaneously.

1. What is an organizational structure?
2. What are different types of organizational structures?
3. What is organizational design?
4. What concepts should guide decisions about how to design structures?

1. What are mechanistic versus organic organizational structures?

The organizational structure is designed from both the mechanistic and the organic points of view, and the structure depends upon the extent to which it is rigid or flexible. Flexible structures are also viewed as more humanistic than mechanistic structures. The mechanistic organizational structure is similar to Max Weber's bureaucratic organization. Organic structures are more flexible in order to cope with rapidly changing environments. These structures are

more effective if the environment is dynamic, requiring frequent changes within the organization in order to adjust to change. It is also considered to be a better form of organization when employees seek autonomy, openness, change, support for creativity and innovation, and opportunities to try new approaches.

All organizations need structures to accomplish their work, and they need an ability to change in order to sustain and renew themselves over time

## **Glossary**

**organizational structure**

The system of task and reporting relationships that control and motivate colleagues to achieve organizational goals.

**organizational design**

The process by which managers define organizational structure and culture so that the organization can achieve its goals.

**Organizational change**

The movement that organizations take as they move from one state to a future state.

**managed change**

How leaders in an organization intentionally shape shifts that occur in the organization

when market conditions shift, supply sources change, or adaptations are introduced in the processes for accomplishing work over time.

organization development (OD)

Techniques and methods that managers can use to increase the adaptability of their organization.

formal organization

A fixed set of rules of organizational procedures and structures.

informal organization

The connecting social structure in organizations that denotes the evolving network of interactions among its employees, unrelated to the firm's formal authority structure.

bureaucratic model

Max Weber's model that states that organizations will find efficiencies when they divide the duties of labor, allow people to specialize, and create structure for coordinating their differentiated efforts within a hierarchy of responsibility.

specialization

The degree to which people are organized into subunits according to their expertise—for example, human resources, finance,

marketing, or manufacturing.

command-and-control

The way in which people report to one another or connect to coordinate their efforts in accomplishing the work of the organization.

span of control

The scope of the work that any one person in the organization will be accountable for.

centralization

The concentration of control of an activity or organization under a single authority.

formalization

The process of making a status formal for the practice of formal acceptance.

mechanistic bureaucratic structure

Describes organizations characterized by (1) centralized authority, (2) formalized procedures and practices, and (3) specialized functions. They are usually resistant to change.

vertical organizational structure

Organizational structures found in large mechanistic organizations; also called “tall” structures due to the presence of many levels of management.

organic bureaucratic structure

Used in organizations that face unstable and dynamic environments and need to quickly adapt to change.

horizontal organizational structure

Flat organizational structure in which many individuals across the whole system are empowered to make organizational decisions.

flat organization

A horizontal organizational structure in which many individuals across the whole system are empowered to make organizational decisions.

product structures

Occurs when businesses organize their employees according to product lines or lines of business.

geographic structures

Occur when organizations are set up to deliver a range of products within a geographic area or region.

matrix structure

An organizational structure that groups people by function and by product team simultaneously.



# Organizational Change

## 1. What are the fundamental dimensions of change?

Our discussion about organizational structure to this point has focused on the forms that an organization might take and the options that are available to managers as they design structures for their organizations. However, organizations are constantly evolving. One common refrain is that "there is nothing so constant as change." Because of this, there is no one best way to organize in all circumstances. Effective managers need to be aware of the various factors that drive the need for change. There advantages and disadvantages of each the various forms of organizing we have discussed. Managers need to adapt the organization so that it is ideally situated to accomplish current organizational goals. Thus, effective managers need to know how to plan and implement change to achieve organizational success.

We will begin this section by reviewing the types of changes that may occur in an organization. Then we will explore the organizational life cycle model, which explains how the structural needs of an organization evolve over time. [Brown, K. and Eisenhardt, M., "The Art of Continuous Change: Linking Complexity Theory and Time-Paced Evolution in Relentlessly Shifting Organizations",](#)

## Types of Change

There are many different types of changes in organizations. The first, consistent with what we talked about so far in this chapter, is **structural change**. This has to do with the changes in the overall formal relationships within an organization. Examples of structural change include reorganizing departments or business units, adding employee positions, or revising job roles and assignments. These changes should be made to support broader objectives such as to centralize or decentralize operations, empower employees, or find greater efficiencies.

Another common type of change is **technological change**. Implementation of new technologies is often forced upon an organization as the environment shifts. For example, an industry upgrade in a commonly used software platform may require that employees learn new ways of working. Upgraded machinery or hardware may require employees to learn new procedures or restructure the way that they interact with one another. The advent of web-based cloud technologies is an example from the last decade and an example of ways which new forms of collaboration are becoming more available. Technological change

often induces structural change because it requires different ways of connecting across an organizational system.

A third type of organizational change is **culture change**. Organizational culture refers to the common patterns of thinking and behaving within an organization. Culture is rooted in the underlying beliefs and assumptions that people hold of themselves and of the organization. These beliefs and assumptions create mindsets that shape the culture. Culture change is among the most difficult kinds of changes to create within an organizational system. It often involves reshaping and reimagining the core identity of the organization. A typical culture change process, if it is successful, requires many years to achieve. [Kotter, J. and Schlesinger, L., “Choosing Strategies for Change”, \*Harvard Business Review\*, 57, 1979, pp. 106-114.](#)

## The Organizational Life Cycle


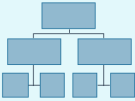
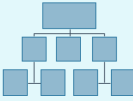
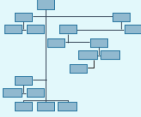
Most organizations begin as very small systems that feature very loose structures. In a new venture, nearly every employee might contribute to many aspects of an organization's work. As the business grows, the workload increases, and more workers are needed. Naturally, as the organization hires more and more people, employees begin to specialize. Over time, these areas of specialization

mature through **differentiation**, the process of organizing employees into groups that focus on specific functions in the organization. Usually, differentiated tasks should be organized in a way that makes them complementary, where each employee contributes an essential activity that supports the work and outputs of others in the organization.

The patterns and structures that appear in an organization need to evolve over time as an organization grows or declines, through four predictable phases (see [\[link\]](#)). In the **entrepreneurship** phase, the organization is usually very small and agile, focusing on new products and markets. The founders typically focus on a variety of responsibilities, and they often share frequent and informal communication with all employees in the new company. Employees enjoy a very informal relationship, and the work assignments are very flexible. Usually, there is a loose, organic organizational structure in this phase.

### **Organizational Life Cycle**

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	Entrepreneurship	Survival and Early Success	Sustained Success	Renewal (or Decline)
Organization				
Extent of formal systems	Minimal to nonexistent	Minimal	Basic/Developing/Maturing	Extensive
Key Ideas	<ul style="list-style-type: none"> <li>• Marshalling of resources</li> <li>• Lots of ideas</li> <li>• Entrepreneurial activities</li> <li>• Little planning and coordination</li> <li>• Formation of a "niche"</li> <li>• "Prime mover" has power</li> </ul>	<ul style="list-style-type: none"> <li>• Informal communication and structure</li> <li>• Sense of collectivity</li> <li>• Long hours spent</li> <li>• Sense of mission</li> <li>• Innovation continues</li> <li>• High commitment</li> </ul>	<ul style="list-style-type: none"> <li>• Formalization of rules</li> <li>• Stable structure</li> <li>• Emphasis on efficiency and maintenance</li> <li>• Conservatism</li> <li>• Institutionalized procedures</li> </ul>	<ul style="list-style-type: none"> <li>• Elaboration (or reduction) of structure</li> <li>• Decentralization (or centralization)</li> <li>• Domain expansion (or reduction)</li> <li>• Adaptation (or stagnation)</li> <li>• Renewal (or decline)</li> </ul>

The second phase, *survival and early success*, occurs as an organization begins to scale up and find continuing success. The organization develops more formal structures around more specialized job assignments. Incentives and work standards are adopted. The communication shifts to a more formal tone with the introduction of hierarchy with upper- and lower-level managers. It becomes impossible for every employee to have personal relationships with every other employee in the organization. At this stage, it becomes appropriate to introduce mechanistic structures that support the standardization and formalization required to create effective coordination across the organization.

In a third phase, *sustained success* or *maturity*, the organization expands and the hierarchy deepens, now with multiple levels of employees. Lower-level managers are given greater responsibility, and

managers for significant areas of responsibility may be identified. Top executives begin to rely almost exclusively on lower-level leaders to handle administrative issues so that they can focus on strategic decisions that affect the overall organization. At this stage, the mechanistic structures of the organization are strengthened, and functional structures may be introduced. Often, tension emerges over how to find balance in the structure. Most organizations at this stage of development need to have elements of a mechanistic bureaucracy while maintaining an environment that allows for the innovation and flexibility that is a feature of an organic structure.

A transition to the fourth phase, *renewal* or *decline*, occurs when an organization expands to the point that its operations are far-flung and need to operate somewhat autonomously. Functional structures become almost essential, and subunits may begin to operate as independent businesses. Often, the tensions in the company between mechanistic and organic inclinations may be out of balance. To address these issues, the organization has to be reorganized or restructured to achieve higher levels of coordination between and among different groups or subunits. Managers may need to address fundamental questions about the overall direction and administration of the organization.

To summarize, the key insight about the

organizational life cycle is that the needs of an organization will evolve over time. Different structures are needed at different stages as an organization develops. The needs of employees will also change. An understanding of the organizational life cycle provides a framework for thinking about changes that may be needed over time.

## Dimensions of Change

When considering how to assess the need for change in an organization, it can be helpful to think of three dimensions: the scope of change, the level of change, and the intentionality of change.

The first, the **scope of change** refers to the degree to which the required change will disrupt current patterns and routines. **Incremental change** refers to small refinements in current organizational practices or routines that do not challenge, but rather build on or improve, existing aspects and practices within the organization. Common incremental change practices are LEAN and Six Sigma, which are used to find relatively small changes that can generate greater efficiencies in a process. An organization can improve its product-line efficiencies by identifying small discrepancies in process, then fixing them in a systematic way. Incremental change does not typically challenge people to be at the edge of their comfort zone. [Setter, Craig Joseph and The Council](#)

for Six Sigma Certification, *Six Sigma: A Complete Step-by-Step Guide*, The Council for Six Sigma Certification, 2018.

In contrast, **transformational change** refers to significant shifts in an organizational system that may cause significant disruption to some underlying aspect of the organization, its processes, or structures. Transformational change can be invigorating for some employees, but also highly disruptive and stressful for others. Examples of transformational change include large systems changes and organizational restructuring. Culture change often requires transformational change to be successful. Eisenbach, R., Watson, K., and Pillai, R., “Transformational Leadership in the Context of Organizational Change”, *Journal of Organizational Change Management*, 12, 1999, pp. 80-89.

Finally, a **strategic change** is a change, either incremental or transformational, that helps align an organization’s operations with its strategic mission and objectives. This kind of change is necessary for an organization to achieve the focus it needs to make needed transfer missions and work it does feel to stay competitive in the current or larger organization, larger market environment, or societal environment.

Uber Eats on bicycle

An example of a small organizational structure is exemplified by jobs in the sharing economy like



Uber and Lyft drivers. Here an Uber Eats food delivery driver cycles along a very busy Oxford Road in Manchester, England. (Credit: Shopblocks/flickr/ Attribution 2.0 Generic (CC BY 2.0))



The **level of change** refers to the breadth of the systems that need to be changed within an organization. **Individual-level change** focuses on how to help employees to improve some active aspect of their performance or the knowledge they need to continue to contribute to the organization in an effective manner. Individual-level change programs include leadership development, training, and performance management. **Group-level change** centers on the relationships between people and usually focuses on helping people to work more effectively together. Team development, or teambuilding, is one of the most common forms of a team change process. **Organization-level change** is

a change that affects an entire organizational system or several of its units. Strategic planning and implementation is perhaps the most common type of organization-level change. Higher-level change programs usually require changes at lower levels—an organization-level change may require change at both team and individual levels as well.

**Intentionality** is the final dimension of change and refers to the degree to which the change is intentionally designed or purposefully implemented. **Planned change** is an intentional activity or set of intentional activities that are designed to create movement toward a specific goal or end. Planned change processes often involve large groups of people and step-by-step or phase-by-phase activities that unfold over a period of time. Usually, effective leaders identify clear objectives for the change, the specific activities that will achieve those objectives, and the indicators of success.

In contrast, **unplanned change** is unintentional and is usually the result of informal organizing. It may or may not serve the aims of the organization as a whole. Unplanned change may be completely spontaneous, occurring simply because employees in some part of an organization want to initiate change. But sometimes it occurs as a byproduct of a planned change process. This is because it is difficult for leaders to anticipate all the consequences of a planned change effort. Employees

react in unpredictable ways, technologies don't work as expected, changes in the marketplace don't happen as expected, or other actors may react in unanticipated ways.

As we will discuss below, some change models are designed to take advantage of the potential for spontaneous organizing among employees.

Unplanned change can be harnessed as a positive force when employees are invited to be proactive about working toward common organizational goals.

1. What is organizational change?
2. What are the fundamental dimensions of change?

1. What are the fundamental dimensions of change?

It is often said that the only constant is change. Managers need to have the ability to understand the dimensions of change, know what drives change, and know how to implement changes to meet and exceed organizational goals. The three types of

change are structural, technological, and culture changes. Managers need to understand change as organizations evolve and grow over time.

One of the key responsibilities of management is to design organizational structures that will allow an organization to accomplish its primary objectives. The structure should always match the need for coordination. Often, managers cannot tell what form the organization should take until they experience the informal organization that determines how work is actually accomplished. Only then can they understand how to draw on the concepts of bureaucracy to appropriately design a structure that will maximize the likelihood of organizational success.

## **Glossary**

### **structural change**

Changes in the overall formal relationships, or the architecture of relationships, within an organization.

### **technological change**

Implementation of new technologies often forces organizations to change.

### **culture change**

Involves reshaping and reimagining the core identity of the organization.

differentiation

The process of organizing employees into groups that focus on specific functions in the organization.

entrepreneurship

The process of designing, launching, and running a new business.

scope of change

The degree to which the required change will disrupt current patterns and routines.

incremental change

Small refinements in current organizational practices or routines that do not challenge, but rather build on or improve, existing aspects and practices within the organization.

transformational change

Significant shifts in an organizational system that may cause significant disruption to some underlying aspect of the organization, its processes, or its structures.

strategic change

A change, either incremental or transformational, that helps align an organization's operations with its strategic mission and objectives.

level of organization

The breadth of the systems that need to be changed within an organization.

individual-level change

Focuses on how to help employees to improve some active aspect of their performance or the knowledge they need to continue to contribute to the organization in an effective manner.

group-level change

Centers on the relationships between people and focuses on helping people to work more effectively together.

organization-level change

A change that affects an entire organizational system or several of its units.

intentionality

The degree to which the change is intentionally designed or purposefully implemented.

planned change

An intentional activity or set of intentional activities that are designed to create movement toward a specific goal or end.

unplanned change

An unintentional activity that is usually the result of informal organizing.

# Managing Change

## 1. How do managers deal with change?

To this point in the chapter, we have focused on factors that influence the need for change. We have also discussed how to think about the dimensions of change that may be needed. In this section, we will describe different approaches to designing and implementing change.

**Change management** is the process of designing and implementing change. Most leaders are responsible for some degree of change management. In addition, as indicated in the introduction, **organizational development (OD)** is a specialized field that focuses on how to design and manage change. Cummings, Thomas G. and Worley, Christopher G., *Organization Development and Change*, 11<sup>th</sup> edition, Cengage Learning, 2019.

An **OD consultant** is someone who has expertise in change management processes. An internal consultant is someone who works as an employee of an organization and focuses on how to create change from within that organization. An external consultant is an OD specialist hired to provide outside expertise for a short period of time, usually for a major change effort. Leaders are more effective in managing change if they understand the common practices for managing change as well as the

perspectives and practices used by OD specialists.

## **Basic Assumptions about Change**

There are numerous models of change available to managers, and it can be difficult to discern the differences between them when creating a planned change process. Many approaches and methodologies for developing organizations and managing change have been developed and practiced during the last century. Indeed, it can be daunting and confusing to sort through and understand which models are most appropriate and relevant for a particular situation. Every model of change has its strengths and its limitations, and it is important to understand what these may be. The type of change methodology used in a particular situation should be matched to the needs of that situation.

It may be helpful to use several questions when deciding on the appropriate approach to use in a planned change process.

A first question has to do with the starting place for the change: *Is the organization in a state of deficiency that needs significant fixing, or is it in a state of high performance, where there exists a need for refining and tweaking?*



One common motivation for change is the perception that an organization may be in some state of dysfunction with significant and serious problems, somewhat like a patient in a hospital in need of serious medical attention. A dysfunctional organization may require transformational change, in which the fundamental assumptions, beliefs, and organizing ideas of the organization are thoroughly challenged and altered. This set of perceptions often leads to **deficit-based change**, in which leaders assume that employees will change if they know they will otherwise face negative consequences.

In contrast, leaders may perceive that an organization is highly functional, much like an Olympic athlete or highly accomplished team. A high-performing organization may require incremental change as the organization continues to build on solid fundamentals to refine and add to its capacity for high performance. This set of perceptions often leads to **abundance-based change**, in which leaders assume that employees will change if they can be inspired to aim for greater degrees of excellence in their work.

A second important question addresses the mechanisms of change: *What are our assumptions about how to create change?* This question is crucial, because the answers determine the preferred designs for planned change and the perceptions of the effectiveness of the change.

**Top-down change** approaches rely on mechanistic assumptions about the nature of an organization. In this approach, a relatively small group of individuals in the organization will design a process and instruct others throughout the organization as to how the process of change should unfold. Most employees in the top-down approach play a passive role during the design process and are generally expected to follow the directions given to them by leaders in the organization. In other words, this approach to change relies on the formal organization to drive the legitimacy of the change.

The opposite of the top-down change approach is the **emergent or bottom-up approach**. This approach relies on the belief that employees will be more invested in change if they play some role in the process of designing the change. **Participatory management**, the inclusion of employees in the deliberations about key business decisions, is a common practice that aligns with the emergent approach to change.

The differences between top-down and bottom-up approaches can be dramatic. For example, following the top-down approach, leaders might determine that the organizational structure needs to be reconfigured to better accommodate a significant shift in its business. They might assume that they can implement the new structure and that employee routines and patterns of behavior will then change

in a natural progression.

The bottom-up approach may reverse this logic. Employees might first work together to explore the tasks that are essential to a specific business problem, they might experiment with potential changes, and *then* managers might rearrange structures to match the new, emergent way of doing work. In contrast to the top-down approach, in a bottom-up process a shift in structure may be a last step.

A challenge for many managers in the bottom-up approach is a perception that they cannot directly control planned changes. Rather, they must rely on processes that draw employees together and expect that employees will respond. This requires a leap of faith, trusting that the process of involving people will lead to desirable emergent changes.

In practice, top-down and bottom-up practices often work together. For example, leaders might exercise top-down authority to define and declare what change is necessary. Then, they might design processes that engage and empower employees throughout an organization to design how the change will be brought about. Working toward a generally defined goal, employees at all levels are highly engaged in the change process from beginning to end. This approach has the effect of encourage self-organizing through the informal

organization as employees make and implement decisions with minimal direction.

As a general rule of thumb, the more complex the potential change, the greater the need to involve employees in the process of planning and implementing change.

A final question addresses the mindset for change: What are our fundamental beliefs about people and change?

Again, a simplistic dichotomy is helpful for defining the approach that may be employed to create change. In the **conventional mindset**, leaders assume that most people are inclined to resist change and therefore they need to be managed in a way that encourages them to accept change. In this view, people in an organization may be seen as objects, sometimes even as obstacles, that need to be managed or controlled. When leaders use conventional methods, they demonstrate a tendency to assume that their perspectives are more informed, sound, and logical than the perspectives of employees. They will work hard to convince employees about the correctness of their decisions, relying on logic to prove the point. They may be inclined to use methods that may be seen by employees as manipulative or coercive. Some authors claim that the conventional mindset is the default, or dominant mode of change in most

organizations. Quinn, R. E. (2015). *The Positive Organization: Breaking Free from Conventional Cultures, Constraints, and Beliefs* (1 edition). Oakland: Berrett-Koehler Publishers.

In contrast, in the **positive or appreciative mindset**, leaders assume that people are inclined to embrace change when they are respected as individuals with intrinsic worth, agency, and capability. In this view, employees in an organization may be seen as partners, sometimes even as champions of change, who can do significant things. When leaders use appreciative methods, they involve employees through meaningful dialogue and seek to lead with a sense of purpose. They may start the change process by highlighting the values that people may hold in common to establish an environment in which employees develop a strong sense of connection with one another. With a strong social infrastructure, they involve employees through participatory processes that allow them to develop common goals and processes for achieving significant changes.

### IBM building in China

IBM is a U.S.-based company with several divisions organized geographically. Pictured here is the “Dragon Building,” their China-based headquarters. (Credit: bfishshadow/ flickr/ Attribution 2.0 Generic (CC BY 2.0))



The three questions we have raised here can lead to many variations in the way that leaders design and implement change. For example, it is possible for a change process to be deficit-based, top-down, and conventional, while another change process may be abundance-based, bottom-up, and positive. Other change processes may be mixed in their design and delivery—for example, starting with a deficit-based perspective yet choosing to use an abundance-based design to create transformational change through a bottom-up, participatory, appreciative process. In today's business environment, it is rare to find an approach that purely fits any of these categories.

We will next turn to a discussion of common change models that may be analyzed through the three questions just raised.

## Why Is the National Hockey League Interested in Climate Change, and Why Did They Hire Kim Davis?

Because of demographics, with most of their employees coming from northern U.S. states, Canada, and northern European countries, there was probably no organization more racially uniform than the National Hockey League. In these days of increased attention on social issues and changing demographics, the NHL needed a drastic shift in its approach to inclusivity and the social issues it addresses. Two of the best people to usher in change, they decided, were an accomplished executive untouched by old-guard hockey culture and a former player.

Kim Davis knew that she was different from many executives, managers, coaches, and players in the National Hockey League. She welcomed the challenge, and it was a major attraction that led her to accept the position. She looks like no one else holding the position of executive vice president at the NHL, which has primarily been run by (a) men and (b) white men in its over-100-year history. The league signaled a long-overdue shift in thinking when it named Davis, a black woman, as executive vice president of social impact, growth initiatives, and legislative affairs.

In a time when the NHL is trying to adapt and become more welcoming to those who feel they don't belong or haven't been allowed to belong in the sport, the perfect person to initiate change was

someone from the outside, someone free of a hockey culture that has become stale by current social standards.

Especially compared to the other major North American pro sports, hockey sometimes unfairly gets accused of being tone-deaf or at least resistant to change. The league is working hard to improve its commitment to inclusivity, with initiatives like the Declaration of Principles and Hockey Is For Everyone, but change doesn't come easy for players, coaches, administrators, and fans of the sport. Davis represents the NHL's attempt to shepherd the game through social change—internally and externally. That's been her area of expertise throughout her professional life. At JPMorgan Chase she endured nine different mergers, and her job was to help her employees prepare for change.

“Most people aren't comfortable with change, and often when they say that, what they really mean is that they are comfortable with change, but they aren't comfortable with change happening to *them*,” she said. “It's all about what happens to us, so how as a leader do you help people get through that?”

“We may not be able to control that fan and that microcosm of society that is over-indexed in our sport,” she said. “Over time it will change as we introduce new fans, and guess what? Even that classic model of our fans, that white male, generationally, their kids, they're not buying into



that even if their parents are.”

“Find another hockey executive who will touch a topic like that without tapdancing.” And that’s why Kim Davis is here. She’s the outsider turned insider, the voice of those formerly neglected. And she’s just getting started.

Regarding climate change, why did the NHL attend the historic climate change conference in Paris? As NHL President Gary Bettman states: “Our game, which is probably unique to most other professional sports, is so tied to the environment. We need cold weather; we need fresh water to play. Therefore, our game is directly impacted by climate change and fresh water scarcity. So, we developed NHL Green, a mandate to promote this type of awareness across all our organizations. Over the course of the last five years, we've done everything from a food recovery initiative, which was taking all the unused food that we prepare in our arenas and donating it to local food banks ... to a water restoration program. All of that culminated in the release of a sustainability report in 2014, which was the first of its kind from any U.S. pro sports league. It's important to us.”

The NHL players are also interested. One individual is recently retired player Andrew Ference, who introduced green initiatives like the NHL Players Association Carbon Neutral Challenge. While he was a player with the Stanley Cup champion Boston Bruins, he knew that he wanted a career after retirement from the NHL and decided to

attend the Harvard Business School, where he earned a certificate in Corporate Sustainability and Innovation. Since he really prioritized sustainability in his life, it was a natural progression to a second career after his retirement. Ference says, "I've had a lifelong passion for the environment and sustainability issues. But, before leaving the NHL, I wanted to back that up with some formal education. When I signed up for that first class, I knew in my gut it was a big moment." Commissioner Gary Bettman says that the next stage regarding sustainability is to "...engage more players around this issue because when we put out stuff on our social media platforms, 12 million followers on social media, that definitely gets messaging out to fans. But when you get an Andrew Ference, that's when you get a lot more engagement. We need to educate our athletes on this issue because they grew up on frozen ponds, they get the connection between learning to play outside and environmental issues. They get it."

Sources: Matt Larkin, "Kim Davis is the kind of Leader the NHL Needs in 2018: A Hockey Outsider," *The Hockey News*, April 6, 2018, <http://www.thehockeynews.com/news/article/kim-davis-is-the-kind-of-leader-the-nhl-needs-in-2018-a-hockey-outsider>; Kevin Blackistone, "Why the NHL is getting involved in climate-change efforts," *The Chicago Tribune*, January 3, 2016, <http://www.chicagotribune.com/sports/hockey/ct-nhl-climate-change-epa-20160103-story.html>; Miranda

Green, “NHL Report Finds that Climate Change Hurts the Sport,” *The Hill*, March 28, 2018, <http://thehill.com/policy/energy-environment/380648-national-hockey-league-report-finds-climate-change-hurts-the-sport>; “Andrew Ference; Student Spotlight,” *Harvard University Extension- Inside Insight*, Accessed March 15, 2018, <https://www.extension.harvard.edu/inside-extension/andrew-ference>; Amalie Benjamin, “Andrew Ference Excited About New Sustainability Role,” *NHL.com*, March 13, 2017, <https://www.nhl.com/news/andrew-ference-flourishing-in-role-with-nhl-green/c-287680614>.

1. What types of changes that Kim Davis is addressing for the National Hockey League, such as demographics, “hockey culture,” and climate change, relate to the concepts in this chapter?
2. How are the roles of Kim Davis, Gary Bettman, and the players regarding change defined in the concepts of this chapter?

## Common Change Models

In this section, we will share four common approaches to OD and organizational change.

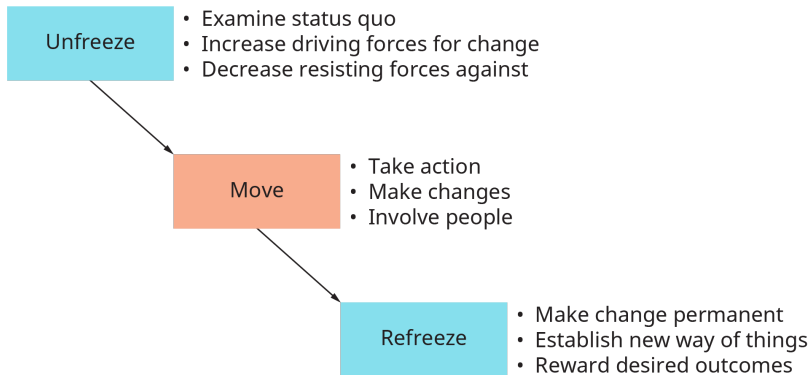
Lewin's model and Kotter's model are common planned change processes that usually rely on the mechanisms of formal organization. [Lewin, K., \*Field Theory in Social Science\*, Harper & Row, 1951; and Kotter, J., \*Leading Change\*, Harvard Business School Press, 2012.](#) The other two models, Cooperrider's Appreciative Inquiry model [Cooperrider, David L., \*The Appreciative Inquiry Handbook: For Leaders of Change\*, Berrett-Kohler, 2008.](#) and the Olson and Eoyang Complex Adaptive Systems model, [Olson, Edwin E. and Eoyang, Glenda H., \*Facilitating Organizational Change: Lessons from Complexity Science\*, Pfeiffer, 2001.](#) are designed to promote informal organizing and emergent change.

## Lewin's Change Model

Psychologist Kurt Lewin proposed one of the first models of change. **Lewin's change model** shows organizational change occurring in three phases (see [\[link\]](#) ).

### Summary of Kurt Lewin's Change Model

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First, an organization must be "unfrozen" in that existing norms, routines, and practices need to be disrupted. This can be done in several ways. For example, structural changes that cause a disruption in the system can be introduced to the organization. Similarly, the introduction of a new technology or policy can cause an organization to "unfreeze." Whatever the cause, unfreezing sets the stage for change.

Next, changes are introduced in the organization to shift the system to a new state or reality. Typically, people react to moments of disorder by creating a new form of order. As changes are introduced, managers might provide a number of interventions that help people adjust to the new norms of reality they are facing. For example, they might require employees to go through a training program, or they might hold discussion sessions or town-hall meetings with people talk about the changes and troubleshoot. The intent of this phase is to help people adjust to the expected change.

The final phase is to "refreeze" the organization. That is, leaders of the organization reinforce the new norms or practices that should accompany the change. They might adjust the resources, policies, and routines to fit the new expected norms.

Lewin's model explains a very basic process that accompanies most organizational changes. That is, many people prefer a stable, predictable organization, and they become accustomed to the routines that exist in their organizational environment. For this reason, common routines and behaviors need to be disrupted. When past routines and behaviors are no longer available, people naturally adjust. As they react to a new reality, they establish new routines and patterns of behavior.

However, Lewin's model is most understandable when we assume that an organization is generally stable unless otherwise acted upon. That is, this model seems to fit in organizations in which any change is likely to last for a long period of time. Such a stable organizational context is increasingly rare in contemporary society.

Still, Lewin's model really describes a basic pattern of change that plays out in all organizational systems: stability gives way to instability, something shifts in the system, then stability emerges once again. An understanding of this pattern can be viewed through either deficit-based or abundance-

based lenses, and it applies in either top-down or bottom-up approaches.

## **Kotter's Change Model**

**Kotter's change model** is one of the most widely used in organizations today. Generally, it aligns with mechanistic view of structure and thus it may be especially useful in organizations where there is a strong, hierarchical structure. This is an eight-step model, shown in [\[link\]](#), that relies on a centralized, top-down process for creating planned change.

### **Summary of John Kotter's Change Model**

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## Kotter's Model



In the first step, managers *establish a sense of urgency*. They do this by creating a narrative about



why the change is necessary. Top managers often use diagnostic tools to gather data that supports the case for change. They strive to convince key organizational leaders and employees that the change is absolutely necessary. A common metaphor is to “create a burning platform,” or to make it clear that the organization cannot survive if it continues doing what it has done.

In the second step, *form a powerful guiding coalition*, managers assemble a group of influential people to help shape the planned change. Ideally, the guiding coalition should represent the areas of an organization that will be affected by the change. The guiding coalition should become ambassadors for the change as it unfolds.

In the third phase, *create a vision of change*, the manager and guiding coalition together create a vision of the expected change. They outline the scope of the change, the reason for the change, and what will be better or different as a result of the change.

The fourth step is to *communicate the vision*—reach out to all members of the organization and communicate the vision for change. Ideally, they connect with all the key areas of the organization that will be affected. They clearly explain why the change is needed and how the change should unfold. If needed, they answer questions and clarify

problems.

The fifth step is to *remove any obstacles*. This step is intended to reduce the resistance to change and/or to provide the necessary resources to make the change successful. The success of this step helps to smooth the way for successful implementation.

The sixth step is to *create small wins*. A very powerful way to encourage people to support changes to help them to see the path to success. Short wins signal to the organization that a change is possible and that tangible benefits will come once the change is fully implemented.

The seventh step is to *consolidate improvements*. Small changes build up over time and become big changes. As the organization successfully moves toward implementation, it is important to consolidate and solidify successes. Managers should reinforce and celebrate small wins and milestones. The unfolding success of the change helps to convince all members of the organization that the change is real and will produce its intended benefits.

The last step is to *anchor the changes*. In this step, the new norms and practices that accompany the change are standardized and refined. The mode of change moves from transformational to incremental. Refinements are implemented to fine-tune the

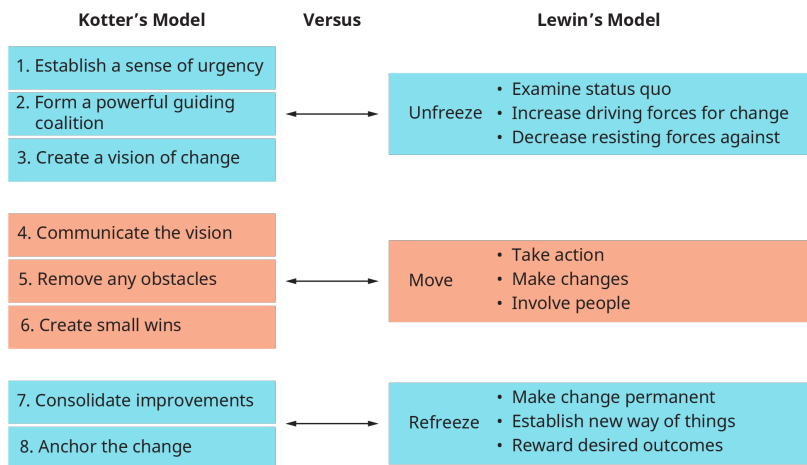
change and to capture all the intended benefits.

Kotter's model is especially useful in situations where the desired change is reasonably predictable and where leaders are empowered to drive the change down through an organization. One challenge is that many employees may resist change if they have had no hand in shaping the plans. This is especially true if they do not fully comprehend the urgency of the change or the vision for the change. In this regard, it tends to be used when leaders hold a deficit-based view and are generally inclined to take a top-down approach from a conventional perspective. Still, where leaders need to clearly define and implement a large-scale change, Kotter's model may work very effectively.

A comparison and contrast of Lewin's and Kotter's models is illustrated in [\[link\]](#).

**Kotter's Model versus Lewin's Model**

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## Appreciative Inquiry

The **Appreciative Inquiry (AI) model** is a model specifically designed as an abundance-based, bottom-up, positive approach. An Appreciative Inquiry, broadly defined, can be any question-focused, participatory approach to change that creates an appreciative effective on people and organizations. [Bright, D. S. \(2009\). Appreciative Inquiry and Positive Organizational Scholarship: A Philosophy of Practice for Turbulent Times. \*OD Practitioner\*, 41\(3\), 2–7.](#) That is, the process of asking and discussing questions (inquiry) causes people to appreciate the people around them, the strengths of their organization, and the opportunities before them. Simultaneously, the process of having conversations expands the social capital of the organization, or the ability of people to work effectively together.

Developed in the 1980s by David Cooperrider at Case Western Reserve University, AI relies on the assumption that people continuously create their organizations through an emergent process that occurs in the common conversations of organizational life. These conversations are shaped by “narratives” about the reality of the organization in which people find themselves. For example, a dominant narrative might be that an organization’s leaders are corrupt and intent on exploiting employees, or in contrast, that an organization’s leaders are compassionate, forward-thinking, and innovative. Whatever the narrative, employees tend to justify actions that align with their views. Over time, a narrative can become a self-reinforcing reality. Based in this understanding of organizations as a socially constructed system, the key to creating change is to change the dominant narratives of an organization.

In AI, group dialogue is the primary mechanism for helping people to create new narratives. [Whitney, D., & Trosten-Bloom, A. \(2010\). \*The Power of Appreciative Inquiry: A Practical Guide to Positive Change\* \(Second Edition\). Berrett-Koehler Publishers.](#) Specifically, **appreciative conversations** are intense, positively framed discussions that help people to develop common ground as they work together to co-create a positive vision of an ideal future for their organization. When leaders use appreciative inquiry, they intentionally invite

dialogue that generates a narrative for a positive organizational reality. This shift in narrative will inspire a shift in the actions that employees initiate in their daily work. While this approach may sound somewhat ambitious and abstract, in reality it is simply an opportunity for employees to envision the future changes they would like to see, then work together to design how they will make these changes a reality.

OD consultants have developed many different variations of AI practices that address different organizational contexts. However, most of them rely on some version of a 5-D cycle: define, discover, dream, design, destiny.

The first phase is *define*, in which the objective for change and inquiry is established. In this phase, the leaders will create a guiding group, often called a steering committee. This group should include a cross-section of perspectives that represent the different parts of the organization where change is desired. Together, they will decide on a compelling way of describing an objective that invites people to think about ideal possibilities for the organization. In this process, they might turn a problem upside down to inspire a new narrative. For example, British Airlines turned a baggage-claim problem into an exploration of excellent customer service, and Avon turned a problem with sexual harassment into an opportunity to explore what it would take to

create exceptional employee engagement. By adjusting the perspective for the inquiry, each company was able to design an OD process that not only solved the original problem but also established a clear vision of what they most wanted as the positive alternative.

The second phase, *discover*, focuses on questions that explore ideal, existing examples of the desired future. The question “who are we when we are at our best?” is commonly used to encourage this exploration through dialogue among employees. For example, British Airways asked its employees to describe examples of exceptional customer service anywhere in its organization. By sharing stories of exceptional customer service, they found examples of exemplary service, even though the dominant narrative was that they had challenges in this area. Finding existing examples of the desired future—no matter how small—causes people to see that a positive alternative is possible. Such examples also provide the data for documenting the strengths of an organization and the factors that make success possible.

The third phase, *dream*, is an exploration of ideal future possibilities for the organization. The strengths and factors revealed in the discovery phase provide a foundation this discussion. Employees are invited to think creatively about what the organization might do if it were to build

on its strengths. “What could be?” is a commonly used question to encourage this exploration. Many organizations have used creative techniques to encourage employees to innovate about the future. They might have employees work in groups to design prototypes of a process or write a mock newspaper article about a future successful project. The idea of the dream phase is to encourage employees to think as expansively as possible about the possibilities for change, usually in a fun and inviting way.

The fourth phase, *design*, starts with a process of prioritizing the ideas that have been developed in the dream phase. Employees might work together to brainstorm a list of all the possible areas for action that might help them to accomplish the objective. Then they use a collective process to identify the ideas that have the most promise. Usually senior leaders will add their voice to endorse the ideas that they want to encourage as actual action initiatives. Employees might be invited to join project teams that will carry out specific actions to develop and implement key actions.

The final phase, *destiny*, occurs as employees implement the plans they have developed. Project groups will continue to work on the agreed-upon action steps for a period of time. Typically, they will meet with other employee-based groups to check in, report on progress, and adjust their plans. Some



organizations will also create celebrative events to commemorate key successes.

The appreciative inquiry cycle can become an intrinsic part of an organization's culture. Some companies will go through the AI process on an annual basis as an integral part of strategic planning. Other organizations use it only as needed when major transformational changes are desired. Though the examples in this section illustrate appreciative inquiry as used to change organizations as a whole, the model can also be applied at any level of organization—for example, in work with individuals and teams.

## Complex Adaptive Systems

The final model we will review builds on the assumption that all organizations are **complex adaptive systems (CAS)**. [Burnes, B. \(2005\). Complexity theories and organizational change. \*International Journal of Management Reviews\*, 7\(2\), 73–90.](#) That is, an organization is constantly developing and adapting to its environment, much like a living organism. A CAS approach emphasizes the bottom-up, emergent approach to the design of change, relying on the ability of people to self-manage and adapt to their local circumstances. Before reviewing the CAS model in more depth, perhaps it would be helpful to examine a change process that is grounded in the CAS model.

One common CAS-based approach is Open Space Technology, a technique in which dozens of people may be involved. Owen, H. (2008). *Open Space Technology: A User's Guide* (Third Edition). Berrett-Koehler Publishers. To set the stage, let's suppose that we want to create a series of innovations to improve the culture of innovation in an organization. The first task would be to invite as many interested stakeholders as possible to participate in a discussion on various topics related to the culture of innovation, perhaps over a two-day period. At the beginning of the first session, a leader in the organization might greet the participants and invite them to be part of an open-ended exploration of ideas and solutions. A facilitator would then distribute a single sheet of paper and a marker to each participant. She would ask each person to propose a topic or question for discussion, explaining that the purpose of this exercise is to attract other people to join a discussion.

Then she will go around the room, giving each person in turn up to 30 seconds to propose a topic or question and describe the significance and urgency of the idea. The go-around continues until a variety of topics are identified. Next, the facilitator works with participants to define a list of topics for discussion. The facilitator then designates times and locations for discussions on those topics. Finally, participants "vote with their feet" to choose groups that they want to join for discussion. Typically, each

discussion in an Open Space meeting will include an exploration of key questions, actions related to those questions, and proposals for resolving key questions.

As shown by this example, this approach is similar to AI in that it focuses on creating the conditions for people to self-organize in ways that align with the overall objectives of an organizational system.

However, one big difference is that it relies less on step-by-step processes for creating change and more on principles that can be applied in many variations to shape the conditions for change in an organization.

The CAS approach provides a useful perspective on how organic organizational structures emerge and develop through the informal organization. An understanding of CAS, therefore, provides leaders with the key knowledge they need to influence the direction of the informal organization, even if they cannot directly control it.

To use the CAS approach, it is essential to understand a few key features about how self-organizing occurs among employees. [Olson, E. E., & Eoyang, G. H. \(2001\). \*Facilitating Organization Change: Lessons From Complexity Science\* \(1st ed.\). Pfeiffer.](#) To begin, the direction of any organization is emergent and requires involvement from many people. Yet, when people react to change, their exact behaviors may be unknowable, unpredictable,

and uncontrollable. Most often, people react to change based on the perceptions of the people in their immediate circle of relationships within the organization. Every person in an organization is both influencing others and being influenced by others. This means that a key locus of change must involve the relationships that people have with one another. From the perspective of CAS, a change in the nature or patterns of interpersonal relationships in an organization will lead to changes in the outcomes of that organization. Leaders, in this regard, should think of themselves as facilitators of relationships and as supporters of employees who are constantly engaged in self-organizing to create needed changes.

So, how can a leader (as a facilitator) influence the way in which self-organizing occurs? For starters, a leader needs to pay attention to the key conditions that allow for informal self-organizing to occur. There are three basic questions to consider.

First, to what degree do people feel empowered to act as **change agents** in the system? Self-organizing originates in the people who comprise the organization. If they view themselves as agents who have discretion to act, they are more likely to take initiative, engaging in nondirected activities that may benefit the organization. Do people feel empowered as agents of the organization? If not, interventions may be designed to help people

understand their own capacities and competencies.

Second, *how connected are people to one another* in the organization? Relationships are the building blocks of all informal organizational activities. The more connected people feel to one another, the more likely they are to work with others in self-directed activity. Do people feel like they have high-quality relationships with coworkers? Are people regularly connecting with other individuals that they do not know very well? If the answers to these questions are negative, then interventions can be designed to strengthen the quality and configurations of connections within and across an organization.

Third, to what extent are *flows* of information and energy passing through the connections that exist between people? Both informal and formal feedback loops provide a mechanism whereby people receive information about what is working and or not in their activities. Do people quickly receive information about breakdowns or successes in the system? Is the emotional energy in the system generating a positive dynamic that encourages people to be engaged? Again, if the answers to these questions are negative, then processes or initiatives should be designed that will help people to communicate more effectively across their relationships.

Aside from examining these basic conditions for self-organizing, the CAS approach assumes that every organizational outcome is the product of an indeterminable number of variables. No one cause produces a single outcome. For instance, the accurate delivery of a product to a customer is caused by a whole system of interrelated factors, each influencing the other. Therefore, where broad changes in outcomes are desired, the whole system of interrelated factors needs to be engaged at once. The preferred method of doing this is to engage broad groups of stakeholders simultaneously, using dialogue and conversation to help people develop their sense of agency, their connections with others, and the processes that need to be adjusted to create desired changes in outcomes. Appreciative inquiry is one method that works especially well to accomplish all these impacts.

In addition, leaders may also influence the structures that shape patterns of self-organizing. From a CAS perspective, a structure is anything that causes people to engage in a particular pattern of activity. Structures can be physical, such as the work environment, or they can be assumptions or beliefs that are broadly held, such as the ideas about bureaucracy we discussed earlier in this chapter. To create change, leaders can change the structures that are producing current patterns of organization.

There are three ways in which self-organizing

structures can be altered.[ibid.](#) First, a leader can influence the **boundary conditions** that establish the limits for emergent activity. Boundary conditions define the degree of discretion that is available to employees for self-directed action. Giving employees more responsibility, empowering them to make decisions at the local level, and providing them with more discretion in the work they do are some of the ways that the boundary conditions may be expanded. The more undefined the boundaries, the more self-organizing can be expected.

Second, self-organizing is altered through the introduction of **disturbances** to the system. Sometimes this can be as simple as helping employees learn about the tensions that exist within an organization around existing patterns of self-organizing activity. For example, there are nearly always significant differences in perspective among different subgroups in an organization. Helping employees to have conversations with others who have significantly different perspectives can introduce a positive disturbance that causes people to reorganize their activities to overcome hidden structures. In manufacturing organizations, for instance, it is common for engineering and production departments to be isolated from one another. Dialogue that includes and connects the employees from such groups can help them overcome and change the structural assumptions

that may cause them to self-organize in ways that antagonize the other. The conversation itself can be a catalyst for change.

One final suggestion is a reminder to pay particular attention to the flows and connections that exist among employees across an organizational system. It is essential to healthy organizing to regularly create opportunities for transformational connections, in which employees are able to learn about the perspectives of other areas of an organization. As they develop and maintain healthy connections, they will empathize with and consider those perspectives as they engage in their own self-organizing activities.

The CAS approach, as indicated earlier, provides both a perspective and a set of principles that can be used in many ways. Many methodologies build on the assumptions of the CAS approach. These include appreciative inquiry and others such as Open Space Technology, Whole Systems Change, Future Search, and more. In this section, we have barely scratched the surface of the variety of practices that can be used to catalyze change.

## **Planning a Change Management Process**

The perspectives we have reviewed in this section provide a very brief menu of the options that are



available to leaders as they consider how to manage change. In reality, many of these can be used together, and they should not be considered as mutually exclusive. For example, Kotter's model can be seen as an overall framework for designing a long-term change process. The Open Space or appreciative inquiry models can be used in certain parts of the Kotter process—for example, in the creation of a guiding coalition or creating a vision for the change.

Moreover, there are many, many practices and methodologies that may align in different ways to the framework of questions provided in this section. These can be used in different combinations to design change processes that meet the needs of a particular context.

1. What are organizational development (OD) and change management?
2. What questions may be used to guide OD and change management?
3. What are the common models of OD and change management?

## 1. How do managers deal with change?

As an organization grows and matures, change becomes necessary to its sustained viability. Thus, another key responsibility for most leaders is the task of designing and managing change. We have reviewed several questions that should be considered when designing a change process, and we have explored several approaches that may be used to guide the development of organizational change.

The field of knowledge about how to change and develop organizations is vast and can be somewhat confusing to the novice learner. The material presented in this chapter provides an overview of key ideas, but there is so much more to learn. Should you wish to become an influential leader of change, it is important to learn more about this very important field of research and practice.

## Chapter Review Questions

1. What is an organizational structure?
2. What are different types of organizational structures?
3. What is organizational design?
4. What concepts should guide decisions about how to design structures?
5. What is organizational change?

6. What are the fundamental dimensions of change?
7. What are organizational development (OD) and change management?
8. What questions may be used to guide OD and change management?
9. What are the common models of OD and change management?

## **Management Skills Application Exercises**

1. Refer to [\[link\]](#) , [\[link\]](#) , and [\[link\]](#) for this exercise. Pick a business that you are familiar with, and draw their existing organizational chart. You may be able to infer much of the information from their website or through a short interview with someone in their organization. After completing this task, construct an alternative organizational chart and comment on why it may be more effective than the current organizational structure and what risks that new structure may have.
2. You have been assigned the task of working with a company that had a traditional, functional organizational structure with sales, marketing, product development, finance and accounting, and operations teams each reporting to a VP, who then reported to the CEO. The company wants to move to a matrix

organization that will retain the efficiencies of the functional organization but also groups employees by product teams. You have been asked to comment on how to manage this change and how to communicate and respond to employee concerns. Specifically, you need to address: What are the desired impacts or benefits of this project on the organization? What are the emotions that your employees may have about this organizational change? How could the employee emotions impact the organization or its operations? How can the organization manage these emotions, or in what ways do you think they should manage these emotions to get desired outcome?

## **Managerial Decision Exercises**

1. Place yourself in the position of a CEO who is contemplating a reorganization of your company and has received conflicting opinions from two of your trusted reports. Presently you are a wholesaler with 45 regional warehouses who acquires products from manufacturers and distributes them to retailers and service establishments. You have over 100,000 SKUs (stock keeping unit) ranging from ACE bandages to Ziploc bags. You have 825 field-based sales representatives who represent all

the products within a geographic area.

One of the ideas that has been brought up by the vice president of marketing is to specialize the salesforce into three groups, fashion retail, general retail, and services. Basically, individual sales representatives would be able to specialize with greater expertise and product knowledge to better serve customers. The vice president of sales fears that many of her salespeople will leave due to the expanded geography that this change would require.

What process would you take to address the concerns of your managers? How would you implement the plan? What customer considerations would you need to address?

2. You have recently accepted the position of director for a full-service retirement home that has three components. The first component is for retired individuals and married couples who can still manage on their own but appreciate the amenities such as medical care and having other residents that they interact with through planned activities. The second is for residents who are still relatively healthy but do need assistance for specific tasks such as mobility and the like. The third section is for individuals with chronic health issues and palliative care patients.

You have learned during the interview process that the facility has performance and morale issues and that the previous director had a rigid structure, did not allow workers from different roles to interact, and wanted all decisions to be directed to her. This has led to dramatic staff turnover and a larger number of empty units compared to other facilities.

As the incoming new director, you will need to address the staff, and your new assistant asks whether you would like to address the staff in one large room or in smaller meeting rooms with employees from the different functional units. She also asks how to handle the workers who are from different shifts. Make your communication decisions, and write up an opening statement to make to the employees before you open the meeting to questions.

## **Critical Thinking Case**

### **Danny Meyer Leads His Company through the Challenges of Eliminating Tips**

What happens when your CEO wants to remove the tip structure from your restaurant? Do you complain about the new prices as a customer? Do you worry

about your paychecks as a server?

Danny Meyer, CEO of Union Square Hospitality (home to some of the most successful New York restaurants), discovered these answers when he began eliminating the tip structure in most of his restaurants. He had seen firsthand the largest negative impact of a tipping culture: employees stuck in front-line positions with no chance to advance to management without taking significant pay cuts.

Meyer began by first involving the affected employees in town-hall talks. These town halls happened months before any publicity was released. Meyer then hosted town halls with customers to explain the importance of fair wages for all his employees at the restaurant, not just the few who served the food. The transition period for each restaurant to eliminate tips was usually three to six months.

As a result of eliminating the tip structure in most of his restaurants, Meyer has been able to increase the pay structure for cooks at those locations, which enables him to fill more cook positions and address a common industry shortage. Meyer has also been able to hire employees with a purpose to deliver exceptional hospitality. Meyer encourages his employees to take care of each other first, and to then take care of the customer, which creates a

virtuous cycle of hospitality.

Meyer constantly uses feedback from his employees even after the tip structure was eliminated. He wants to ensure that each employee feels their voice is heard and understood. Employees continue to have access to town-hall meetings and internal feedback channels to offer honest feedback.

### **Critical Thinking Questions**

1. What type of change is this: transformational or incremental? Why?
2. What level(s) of change is Meyer aiming for in this case?
3. What models are consistent with Meyer's process for designing and implementing change?

Sources: Mark Matousek, Danny Meyer Banned Tipping at his Restaurants- But Employees Say it has Led to Lower Pay and High Turnover," *Business Insider*, October 20, 2017, <http://www.businessinsider.com/danny-meyers-no-tip-policy-struggles-2017-10>; Loren Feldman, "Danny Meyer On Eliminating Tipping: "It Takes a Year to Get The Math Right," *Forbes*, January 14, 2018, <https://www.forbes.com/sites/lorenfeldman/2018/01/14/danny-meyer-on-eliminating-tipping-it-takes-a-year-to-get-the-math-right/#189bd5c8431f>; Elizabeth Dunn, "The Limitations of American Restaurants' No-Tipping



Experience,” *The New Yorker*, February 24, 2018, <https://www.newyorker.com/culture/annals-of-gastronomy/the-limitations-of-american-restaurants-no-tipping-experiment>.

## Glossary

### change management

The process of designing and implementing change.

### organizational development (OD)

Specialized field that focuses on how to design and manage change.

### OD consultant

Someone who has expertise in change management processes.

### deficit-based change

Leaders assume that employees will change if they know they will otherwise face negative consequences.

### abundance-based change

Leaders assume that employees will change if they can be inspired to aim for greater degrees of excellence in their work.

### top-down change

Relies on mechanistic assumptions about the nature of an organization.

emergent or bottom-up approach

Organizations exist as socially constructed systems in which people are constantly making sense of and enacting an organizational reality as they interact with others in a system.

participatory management

Includes employees in deliberations about key business decisions.

conventional mindset

Leaders assume that most people are inclined to resist change and therefore need to be managed in a way that encourages them to accept change.

positive or appreciative mindset

Leaders assume that people are inclined to embrace change when they are respected as individuals with intrinsic worth, agency, and capability.

Lewin's change model

Explains a very basic process that accompanies most organizational changes.

Kotter's change model

An overall framework for designing a long-term change process.

Appreciative Inquiry model

A model specifically designed as an abundance-based, bottom-up, positive approach.

appreciative conversations

Intense, positively framed discussions that help people to develop common ground as they work together to cocreate a positive vision of an ideal future for their organization.

Complex Adaptive Systems (CAS)

A model that views organizations as constantly developing and adapting to their environment, much like a living organism.

change agents

People in the organization who view themselves as agents who have discretion to act.

boundary conditions

Define the degree of discretion that is available to employees for self-directed action.

disturbances

Can cause tension amongst employees, but can also be positive and a catalyst for change.